

Annual Financial Report
of the
Town of Stonington, Connecticut
For the Year Ended June 30, 2017

Town of Stonington, Connecticut

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Introductory Section

Town of Stonington, Connecticut

**List of Principal Officials
June 30, 2017**

Board of Selectmen

Rob Simmons, First Selectman
Michael Spellman, Selectman
Kate Rotella, Selectwoman

Board of Finance

Bryan Bentz, Chairman
Glenn Frishman
Michael Fauerbach
Blunt White
Timothy O'Brien
June Strunk

Town Departments

James Sullivan, CPA, Director of Finance
Paul Cravinho, Treasurer
Gary Shettle, Board of Education Director of Finance
Marsha Standish, Assessor
Linda Carmelio, Tax Collector
Dr. Van W. Riley, Superintendent of Schools
Barbara McKrell, Public Works Director
Douglas Nettleton, Director - W.P.C.A.
Cynthia Costa Ladwig, Town Clerk
J. Darren Stewart, Chief of Police
Lawrence Stannard, Building Official
Scot Deledda, Town Engineer
Vincent Pacileo III, Director of Administrative Services
John Phetteplace - Solid Waste Manager

Auditors

PKF O'Connor Davies, LLP

Financial Section



Independent Auditors' Report

**Board of Finance
Town of Stonington, Connecticut**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Connecticut ("Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Board of Finance
Town of Stonington, Connecticut**

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Stonington, Connecticut, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension plan and other post-employment benefit plan schedules on pages 5 to 13 and pages 71 to 82, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stonington, Connecticut's basic financial statements. The introductory section, supplemental schedules and trend information section are presented for purposes of additional analysis and are not a required part of the basic financial statements

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Board of Finance
Town of Stonington, Connecticut**

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The introductory and trend information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of the Town of Stonington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Stonington, Connecticut's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP
Wethersfield, Connecticut
December 22, 2017



TOWN OF STONINGTON

152 Elm Street • Stonington, Connecticut 06378
Tel: 860 535-5070 Fax: 860 535-0602

Management's Discussion and Analysis For the Year Ended June 30, 2017

As management of the Town of Stonington, Connecticut ("Town") we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. Please read it in conjunction with the Town's financial statements immediately following this section.

Financial Highlights

- During the fiscal year, the Town implemented GASB 74 and 75 related to other post-employment obligations (OPEB). GASB 75 requires that the net OPEB liability be recorded on the government-wide financial statements. The result of implementing GASB 75 was a net prior period adjustment as of July 1, 2016 to record the net OPEB liability of \$5,333,274. OPEB expense was \$490,403 and the net OPEB liability was \$5,450,868.
- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$111,890,326 (net position). Of this amount, \$20,095,164 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$2,763,353. The increase is due to a positive operation of the general fund of \$1,335,026 and the capital and nonrecurring fund of \$1,531,547.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$37,182,044, an increase of \$15,416,559 in comparison with the prior year. The majority the increase is due to the positive operations of the general fund and capital nonrecurring fund noted above and the issuance of bonds to fund the PreK-5 school construction project, \$11,659,474 of which was unspent at year end.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,694,592, or 21.7% of total general fund budgetary expenditures and transfers.
- The Town's bonded debt and notes payable increased by \$13,560,153 during the current fiscal year due to the issuance of new debt for the Mystic River Boat House Park property purchase and the bonds issued to fund the PreK-5 school construction project, offset by scheduled principle payments.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Stonington's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. The statement of fiduciary net position is used to present financial information about activities for which the Town acts solely as an agent for the benefit of employees and others.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between these accounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement are for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, highway department, sanitation and waste removal, human services, library, recreation and education.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Sewer Usage Fund and PreK-5 School Construction Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on Schedules 4 and 5.

The Town adopts an annual budget for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds

The Town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its self-insured medical benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and other post-employment benefits.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$111,890,326 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (80.6%) reflects its investment in capital assets (e.g., land, construction in progress, land and building improvements, buildings, machinery, equipment, infrastructure and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-Wide Financial Analysis

Statements of Net Position

	<u>2017</u>	<u>2016</u> (as restated)
Current and other assets	\$ 46,889,822	\$ 32,916,210
Capital assets (net)	<u>133,613,228</u>	<u>129,836,010</u>
Total assets	<u>180,503,050</u>	<u>162,752,220</u>
Deferred outflows of resources	<u>5,511,288</u>	<u>4,755,558</u>
Other liabilities	10,041,892	8,349,444
Long-term liabilities	<u>64,071,542</u>	<u>49,783,103</u>
Total liabilities	<u>74,113,434</u>	<u>58,132,547</u>
Deferred inflows of resources	<u>10,578</u>	<u>248,258</u>
Net position:		
Net investment in capital assets	90,224,341	90,575,409
Restricted	1,570,821	1,556,418
Unrestricted	<u>20,095,164</u>	<u>16,995,146</u>
Total net position	<u>\$ 111,890,326</u>	<u>\$ 109,126,973</u>

A small portion of the Town's net position, 1.4%, represents resources that are subject to external restrictions on how they may be used.

The remaining balance, or 18.0%, is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in the three categories of net position for the Town as a whole.

Government-Wide Financial Analysis (continued)

Statements of Changes in Net Position

	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 6,430,274	\$ 6,645,188
Operating grants and contributions	7,911,926	6,731,104
Capital grants and contributions	1,676,993	427,362
General revenues:		
Property taxes	58,995,604	56,279,632
Grants and contributions not restricted to specific programs	461,343	357,458
Investment income	155,775	138,095
Miscellaneous	42,828	48,953
Total revenues	<u>75,674,743</u>	<u>70,627,792</u>
Expenses:		
General government	7,980,223	8,330,574
Public safety	5,436,321	6,772,583
Highway department	4,613,473	4,287,328
Sanitation and waste removal	5,652,720	5,436,017
Human services	1,652,941	936,054
Libraries	329,500	319,500
Recreation	250,966	274,055
Education	44,882,290	42,323,983
Interest expense	2,112,956	1,290,904
Total expenses	<u>72,911,390</u>	<u>69,970,998</u>
Increase in net position	2,763,353	656,794
Net position - July 1	109,126,973	113,803,453
Restatement for net OPEB liability	-	(5,333,274)
Net position - June 30	<u>\$ 111,890,326</u>	<u>\$ 109,126,973</u>

Property taxes comprise 77.9% of revenues, followed by grants and contributions 13.3%, charges for services 8.5% and investment earnings/miscellaneous 0.3%.

Significant revenue related changes are as follows:

- Operating grants and contributions increased by \$1,180,822 substantially due to an increase in the amount of on-behalf amount recorded for State Teachers Retirement of \$420,432, and an increase in CDBG grant funds of \$730,000.
- Capital grants and contributions increased by \$1,249,631 primarily due to the school construction grant in the amount of \$804,000 for the PreK-5 school renovation project, and an increase in Local Capital Improvement Grant (LOCIP) funding of \$575,000.

Government-Wide Financial Analysis (continued)

With respect to expenses, 61.6% of the Town's expenses relates to education, followed by 10.9% to general government, 7.4% to sanitation and waste removal, 7.8% to public safety, 6.3% to highway department, 2.9% to interest on long-term debt, 2.3% to human services, 0.5% to library and 0.3% to recreation.

- ◆ Public safety expenses decreased by \$1,336,262 primarily due to a reduction in MERS pension expense of \$1,312,000.
- ◆ Human services expenses increased by \$716,887 due to the expenditure of the Community Development Block Grant program proceeds of \$731,000 for improvements to the Edythe K. Richmond housing complex.
- ◆ Education expenses increased by \$2,558,307 primarily due to the annual budget increase of \$910,000, a \$420,432 increase in the on-behalf amount recorded for State Teachers Retirement and capital grant of \$804,000 for the school projects.
- ◆ Interest on long term debt increased by \$822,052 due to the issuance of new debt.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

The Town reports fund balance in 5 categories. The following are the categories and definitions:

- Nonspendable fund balance – not in spendable format such as inventories and prepaid expenses.
- Restricted fund balance - limitations imposed by external parties, grantors or by legislation.
- Committed fund balance - can only be spent for specific purposes as established by the government's highest level of decision-making authority or contractual obligations.
- Assigned fund balance - amounts that are intended for a specific purpose but do not meet the definition of restricted or committed (i.e., designated for subsequent year's budget).
- Unassigned fund balance - amounts available for any purpose.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$37,182,044, an increase of \$15,416,559 in comparison with the prior year. \$13,692,261, or 36.8%, of this total amount constitutes unassigned fund balance.

Governmental funds (continued)

The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending due to the following:

1. Nonspendable for prepaids (\$606,341).
2. Restricted due to grant restrictions or legal requirements (\$2,238,320).
3. Committed for capital projects (\$17,259,157).
4. Assigned for subsequent year's budget, encumbrances or specific purposes (\$3,385,965).

General Fund. The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$13,694,592, while total fund balance reached \$16,524,365. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21.7% of total general fund budgetary expenditures and transfers out, while total fund balance represents 26.1% of that same amount.

During the current fiscal year, the fund balance of the Town's general fund increased by \$1,335,026. The increase was substantially attributable to property tax revenues exceeding the amount budgeted by \$816,527 and charges for services exceeding the amount budgeted by \$350,480. In addition, the budget was underspent by a total of \$1,007,759, led by general government underspent by \$391,027 due to the under expending of several salary line items and associated benefits.

The other significant line item underspent was the public safety line which has a positive variance of \$308,526 due to the under expenditure of officer salaries and associated benefits.

These items were partially offset by the Town budgeting the use of fund balance of \$550,000 and additional appropriations of \$259,864 which are discussed in more detail below.

Sewer Usage Fund. The fund accounts for the Town's sewer usage operations. During the year, expenditures exceeded revenues and operating transfers in by \$113,962. Net position at year end was \$637,268.

PreK-5 School Construction. The fund accounts for financial resources to be used for PreK - 5 school construction project. During the year, the fund had expenditures of \$3,896,598. Funding sources include a state grant for school construction progress payments and a debt issuance totaling \$15,003,836 and a related premium of \$814,055. This effectively increased the fund deficit of \$(1,065,970) in the prior year to fund balance of 11,659,474.

Proprietary Fund

The internal service fund is the Town's only proprietary fund. Unrestricted net position in the fund at year end was \$3,058,588, a decrease of \$621,228 from the prior year.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$259,864. The significant additional appropriations and budget transfers were as follows:

- ◆ Increase of \$220,798 to transfers out to the capital nonrecurring fund for the Bayview Avenue Drainage project, the PNC generator purchase, and the acquisition of a dump truck for the Public Works Department.
- ◆ Increase of \$148,749 to public safety for 2016-2017 salary increases made mid- year.
- ◆ Increase of \$55,742 to operation and maintenance of town property to several facility maintenance line items.

Capital Assets and Debt Administration

Capital assets

The Town's investment in capital assets amounts to \$133,316,228 (net of accumulated depreciation). This investment in capital assets is as follows:

Capital Assets (Net of Depreciation)

	2017	2016
Land	\$ 12,709,836	\$ 11,028,391
Construction in progress	24,595,014	20,054,449
Land and building improvements	6,364,759	6,599,550
Buildings	32,392,084	33,667,675
Machinery and equipment	2,307,135	1,378,070
Infrastructure	53,830,228	55,509,551
Vehicles	1,414,172	1,598,324
Total	\$ 133,613,228	\$ 129,836,010

The capital assets (net of depreciation) increased in the current year by \$3,777,218. The increase is due to capital additions exceeding depreciation expense. In the current year, the Town had capital asset additions totaling \$8,302,003. Major capital asset additions consisted of the following:

- ◆ PreK-5 Construction project – construction in progress of \$3,822,362
- ◆ Mystic River Boathouse Park land purchase of \$1,681,445
- ◆ Board of Education technology upgrades of \$1,126,177

Additional information on the Town's capital assets can be found in Note III C.

Long-term debt

At the end of the fiscal year, the Town had total long-term debt outstanding of \$51,949,064. All debt is backed by the full faith and credit of the Town.

Outstanding Debt		
	2017	2016
General obligation bonds	\$ 51,895,000	\$ 38,235,000
Notes	54,064	153,911
Total	\$ 51,949,064	\$ 38,388,911

During the current fiscal year, the Town's total bonded debt increased by a net \$13,660,000. The increase was due to the issuance of new bonded debt for the Mystic River Boat House Park property purchase and the bonds issued to fund the PreK-5 school construction project totaling \$17,220,000 offset by scheduled principle payments on outstanding bonded debt of \$3,560,000.

In addition, the Town made the last payments on the clean water fund loans of \$153,911 and incurred new loans totaling \$54,064 for energy related improvements.

The Town maintains an “Aa1” credit rating from Moody’s Investor Service. In November 2017 the Town received a rating from Standard and Poors of AA+.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$445,896,248, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III E.

Economic Factors and Next Year's Budgets and Rates

As of June 2017, the unemployment rate for the Town was at 4.1%, which compares favorably to the state's average unemployment rate of 5.8% and a national unemployment rate of 4.9%.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, James P. Sullivan, CPA, Town of Stonington, 152 Elm Street, Stonington, CT 06378.

Basic Financial Statements

Town of Stonington, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2017

<u>Assets</u>	
Current assets:	
Cash	\$ 20,840,460
Investments	20,514,017
Restricted investments	767,652
Receivables:	
Property taxes	375,364
Loans	
Assessments/user charges	876,426
Intergovernmental	778,825
Other	333,723
Prepaid expenses	606,341
Other	21,366
	<hr/>
Total current assets	45,114,174
Noncurrent assets:	
Receivables (net):	
Property taxes	125,923
Loans	224,200
Assessments/user charges	162,540
	<hr/>
Total receivables (net)	512,663
Other noncurrent assets:	
Net pension asset	1,262,985
	<hr/>
Capital assets (net of accumulated depreciation):	
Land	12,709,836
Construction in progress	24,595,014
Land and building improvements	6,364,759
Buildings	32,392,084
Machinery and equipment	2,307,135
Infrastructure	53,830,228
Vehicles	1,414,172
	<hr/>
Total capital assets	133,613,228
	<hr/>
Total noncurrent assets	135,388,876
	<hr/>
Total assets	180,503,050
	<hr/>
<u>Deferred Outflows of Resources</u>	
Deferred outflows related to pensions	4,248,191
Deferred charges on refunding	1,263,097
	<hr/>
Total deferred outflows of resources	5,511,288
	<hr/>

(Continued)

The notes to financial statements are an integral part of this statement.

Town of Stonington, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2017

<u>Liabilities</u>	
Current liabilities:	
Accounts payable	\$ 2,334,581
Retainage payable	148,817
Accrued payroll and related liabilities	443,772
Accrued interest payable	729,210
Unearned revenue	109,340
Performance bonds and customer deposits	770,652
Bonds and notes payable	4,393,517
Capital leases	580,549
Compensated absences	506,454
Landfill postclosure costs	25,000
	<hr/>
Total current liabilities	10,041,892
	<hr/>
Noncurrent liabilities:	
Bonds, notes, and related liabilities	50,175,931
Capital leases	1,161,461
Compensated absences	1,519,361
Landfill postclosure costs	175,000
Heart and hypertension	907,282
Net pension liability	4,681,639
Net OPEB liability	5,450,868
	<hr/>
Total noncurrent liabilities	64,071,542
	<hr/>
Total liabilities	74,113,434
	<hr/>
<u>Deferred Inflows of Resources</u>	
Deferred inflows related to OPEB	10,578
	<hr/>
<u>Net Position</u>	
Net investment in capital assets	90,224,341
Restricted for:	
Public safety	7,469
Highway department	410,392
Sanitation and waste removal	1,130,388
Human services	8,949
Education	13,623
Unrestricted	20,095,164
	<hr/>
Total net position	\$ 111,890,326
	<hr/>

(Concluded)

The notes to financial statements are an integral part of this statement.

Town of Stonington, Connecticut
Statement of Activities
Governmental Activities
For the Year Ended June 30, 2017

16

Functions/Programs	Expenses	Program Revenues			Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
General government	\$ 7,980,223	\$ 888,589	\$ 120,521	\$ 574,983	\$ (6,396,130)
Public safety	5,436,321	400,093	117,501	-	(4,918,727)
Highway department	4,613,473	366,819	-	297,859	(3,948,795)
Sanitation and waste removal	5,652,720	4,019,320	-	-	(1,633,400)
Human services	1,652,941	-	733,844	-	(919,097)
Libraries	329,500	-	-	-	(329,500)
Recreation	250,966	149,830	18,011	-	(83,125)
Education	44,882,290	605,623	6,922,049	804,151	(36,550,467)
Interest expense	2,112,956	-	-	-	(2,112,956)
Total	\$ 72,911,390	\$ 6,430,274	\$ 7,911,926	\$ 1,676,993	\$ (56,892,197)
General revenues:					
Property taxes					\$ 58,995,604
Grants and contributions not restricted to specific programs					461,343
Investment income					155,775
Miscellaneous					42,828
Total general revenues					59,655,550
Change in net position					2,763,353
Net position - July 1, 2016 (as restated)					109,126,973
Net position - June 30, 2017					\$ 111,890,326

The notes to financial statements are an integral part of this statement.

Town of Stonington, Connecticut

Balance Sheet
Governmental Funds
June 30, 2017

	General	Sewer Usage Fund	Pre K-5 School Construction	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 10,228,417	\$ 1,206,171	\$ -	\$ 6,529,305	\$ 17,963,893
Investments	20,514,017	-	-	-	20,514,017
Restricted investments	757,626	10,026	-	-	767,652
Receivables (net):					
Property taxes	581,927	-	-	-	581,927
Loans	-	-	-	224,200	224,200
Assessments/use charges	-	1,037,309	-	1,657	1,038,966
Intergovernmental	11,996	-	-	766,829	778,825
Other	284,829	3,134	-	45,760	333,723
Prepays	606,341	-	-	-	606,341
Due from other funds	910,311	-	11,798,548	2,057,513	14,766,372
Other	21,366	-	-	-	21,366
Total assets	<u>\$ 33,916,830</u>	<u>\$ 2,256,640</u>	<u>\$ 11,798,548</u>	<u>\$ 9,625,264</u>	<u>\$ 57,597,282</u>
<u>Liabilities</u>					
Accounts payable	\$ 1,117,034	\$ 92,103	\$ 139,074	\$ 328,790	\$ 1,677,001
Accrued payroll and related liabilities	443,772	-	-	-	443,772
Retainage payable	-	-	-	148,817	148,817
Due to other funds	14,677,516	476,934	-	451,523	15,605,973
Unearned revenue	-	-	-	109,340	109,340
Performance bonds and customer deposits	757,626	13,026	-	-	770,652
Total liabilities	<u>16,995,948</u>	<u>582,063</u>	<u>139,074</u>	<u>1,038,470</u>	<u>18,755,555</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenue:					
Property taxes	396,517	-	-	-	396,517
Sewer charges and assessments	-	1,037,309	-	1,657	1,038,966
Loans receivable	-	-	-	224,200	224,200
Total deferred inflows of resources	<u>396,517</u>	<u>1,037,309</u>	<u>-</u>	<u>225,857</u>	<u>1,659,683</u>
<u>Fund Balances</u>					
Nonspendable	606,341	-	-	-	606,341
Restricted	-	637,268	-	1,601,052	2,238,320
Committed	-	-	11,659,474	5,599,683	17,259,157
Assigned	2,223,432	-	-	1,162,533	3,385,965
Unassigned	13,694,592	-	-	(2,331)	13,692,261
Total fund balances	<u>16,524,365</u>	<u>637,268</u>	<u>11,659,474</u>	<u>8,360,937</u>	<u>37,182,044</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,916,830</u>	<u>\$ 2,256,640</u>	<u>\$ 11,798,548</u>	<u>\$ 9,625,264</u>	<u>\$ 57,597,282</u>

(Continued)

The notes to financial statements are an integral part of this statement.

Town of Stonington, Connecticut

Reconciliation of Fund Balances to Net Position
June 30, 2017

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balances (Exhibit C, Page 1)	\$ 37,182,044
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Beginning capital assets	129,836,010
Current year additions	8,178,634
Depreciation expense	(4,394,258)
Disposal of capital assets	(7,158)
Other long-term assets and deferred outflows are not available resources and, therefore, are not reported in the funds:	
Property tax interest and lien accrual	78,360
Allowance for doubtful accounts	(159,000)
Net pension asset	1,262,985
Deferred outflows related to pensions	4,248,191
Deferred charges on refunding	1,263,097
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:	
Property tax, sewer assessments and CDBG loan receivable-accrual basis change	1,659,683
Internal service funds are used by management to charge the cost of medical insurance premiums to individual departments:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	3,058,588
Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bond, BAN's and notes payable	(51,949,064)
Premiums	(2,620,384)
Capital lease obligations	(1,742,010)
Compensated absences	(2,025,815)
Landfill postclosure costs	(200,000)
Heart and hypertension	(907,282)
Net OPEB obligation	(5,450,868)
Net pension liability	(4,681,639)
Accrued interest payable	(729,210)
Deferred inflows related to OPEB	(10,578)
Net position	<u>\$ 111,890,326</u>
	(Concluded)

The notes to financial statements are an integral part of this statement.

Town of Stonington, Connecticut

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017**

	General	Sewer Usage Fund	Pre K-5 School Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 59,233,240	\$ -	\$ -	\$ -	\$ 59,233,240
Intergovernmental	6,201,708	-	804,151	3,044,403	10,050,262
Charges for services	2,947,780	2,168,721	-	1,189,949	6,306,450
Income from investments	141,033	-	-	11,486	152,519
Other	-	1,151	-	41,677	42,828
Total revenues	68,523,761	2,169,872	804,151	4,287,515	75,785,299
Expenditures:					
Current:					
General government	7,457,339	-	-	176,874	7,634,213
Public safety	5,043,119	-	-	389,901	5,433,020
Highway department	2,312,828	-	-	481,103	2,793,931
Sanitation and waste removal	2,467,210	2,583,834	-	-	5,051,044
Human services	401,274	-	-	776,482	1,177,756
Social services	294,958	-	-	-	294,958
Recreation	99,579	-	-	151,387	250,966
Libraries	329,500	-	-	-	329,500
Payments to other civic divisions	197,370	-	-	-	197,370
Education	40,063,154	-	-	1,813,789	41,876,943
Debt service	5,004,612	-	-	617,429	5,622,041
Capital outlay	-	-	3,896,598	5,524,429	9,421,027
Total expenditures	63,670,943	2,583,834	3,896,598	9,931,394	80,082,769
Excess (deficiency) of revenues over expenditures	4,852,818	(413,962)	(3,092,447)	(5,643,879)	(4,297,470)
Other financing sources (uses):					
Issuance of debt	-	-	15,003,836	2,216,164	17,220,000
Capital leases	-	-	-	1,679,974	1,679,974
Bond premium	-	-	814,055	-	814,055
Transfers in	45,000	300,000	-	3,262,792	3,607,792
Transfers out	(3,562,792)	-	-	(45,000)	(3,607,792)
Net other financing sources (uses)	(3,517,792)	300,000	15,817,891	7,113,930	19,714,029
Net change in fund balances	1,335,026	(113,962)	12,725,444	1,470,051	15,416,559
Fund balances - July 1, 2016	15,189,339	751,230	(1,065,970)	6,890,886	21,765,485
Fund balances - June 30, 2017	\$ 16,524,365	\$ 637,268	\$ 11,659,474	\$ 8,360,937	\$ 37,182,044

The notes to financial statements are an integral part of this statement.

Town of Stonington, Connecticut
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2017

Amounts reported in the statement of activities (Exhibit B) are different due to:

Net change in fund balances - total governmental funds (Exhibit D) \$ 15,416,559

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	8,178,634
Depreciation expense	<u>(4,394,258)</u>
Total	<u>3,784,376</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold (7,158)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not reported in the statement of activities:

Change in property tax, sewer assessments and CDBG loans receivable - accrual basis change	17,278
Change in property tax interest and lien revenue	(24,090)
Change in property tax allowance for doubtful accounts	<u>(107,000)</u>
Total	<u>(113,812)</u>

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Issuance of debt	(17,220,000)
Issuance of notes payable	(54,064)
Premiums	(814,055)
Capital leases	(1,679,974)
Principal payments:	
General obligation bonds	3,560,000
Notes payable	153,911
Premiums	210,019
Capital leases	577,248
Deferred charges on refunding	<u>(84,207)</u>
Total	<u>(15,351,122)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences	(570,790)
Accrued interest payable	(330,638)
Pension expense	548,305
OPEB expense	(28,754)
Heart and hypertension	12,615
Landfill postclosure costs	<u>25,000</u>
Total	<u>(344,262)</u>

Internal service funds are used by management to charge costs of medical insurance premiums to individual departments (change in net position) (621,228)

Change in net position (Exhibit B) \$ 2,763,353

The notes to the financial statements are an integral part of this statement.

Town of Stonington, Connecticut

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	\$ 58,416,713	\$ 58,416,713	\$ 59,233,240	\$ 816,527
Intergovernmental	2,276,500	2,276,500	2,152,136	(124,364)
Charges for services	2,597,300	2,597,300	2,947,780	350,480
Revenues from use of Town money and property	119,500	119,500	141,033	21,533
Total revenues	<u>63,410,013</u>	<u>63,410,013</u>	<u>64,474,189</u>	<u>1,064,176</u>
Expenditures:				
Current:				
General government	8,080,379	7,943,925	7,552,898	391,027
Public safety	5,202,896	5,351,645	5,043,119	308,526
Highway department	2,398,140	2,411,266	2,320,233	91,033
Sanitation and waste removal	2,597,310	2,600,980	2,467,210	133,770
Human services	419,088	427,547	401,274	26,273
Social services	296,000	296,000	294,958	1,042
Recreation	98,829	100,345	99,579	766
Libraries	329,500	329,500	329,500	-
Payments to other civic divisions	197,370	197,370	197,370	-
Education	36,045,407	36,045,407	35,991,573	53,834
Debt service	5,006,100	5,006,100	5,004,612	1,488
Total expenditures	<u>60,671,019</u>	<u>60,710,085</u>	<u>59,702,326</u>	<u>1,007,759</u>
Excess of revenues over expenditures	<u>2,738,994</u>	<u>2,699,928</u>	<u>4,771,863</u>	<u>2,071,935</u>
Other financing sources (uses):				
Appropriation of fund balance	550,000	809,864	-	(809,864)
Cancellation of prior year encumbrances	8,000	8,000	55,235	47,235
Transfers in	45,000	45,000	45,000	-
Transfers out	(3,341,994)	(3,562,792)	(3,562,792)	-
Net other financing sources (uses)	<u>(2,738,994)</u>	<u>(2,699,928)</u>	<u>(3,462,557)</u>	<u>(762,629)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,309,306	<u>\$ 1,309,306</u>
Fund balance - July 1, 2016			<u>14,884,927</u>	
Fund balance - June 30, 2017			<u>\$ 16,194,233</u>	

The notes to financial statements are an integral part of this statement.

Town of Stonington, Connecticut

Statement of Net Position
 Proprietary Funds
 June 30, 2017

	<u>Internal Service Fund</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 2,876,567
Due from other funds	<u>767,021</u>
Total current assets	<u>3,643,588</u>
<u>Liability</u>	
Current liability:	
Claims payable	<u>585,000</u>
<u>Net Position</u>	
Unrestricted	<u><u>\$ 3,058,588</u></u>

The notes to financial statements are an integral part of this statement.

Town of Stonington, Connecticut

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017**

	<u>Internal Service Fund</u>
Operating revenues:	
Charges for services	\$ 7,431,114
Operating expenses:	
Medical claims	6,732,146
Administration and other	<u>1,323,452</u>
Total operating expenses	<u>8,055,598</u>
Operating income (loss)	(624,484)
Nonoperating revenues:	
Investment income	<u>3,256</u>
Change in net position	(621,228)
Net position - July 1, 2016	<u>3,679,816</u>
Net position - June 30, 2017	<u><u>\$ 3,058,588</u></u>

The notes to financial statements are an integral part of this statement.

Town of Stonington, Connecticut

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	<u>Internal Service Fund</u>
Cash flows from operating activities:	
Cash received for charges	\$ 7,358,272
Cash paid for claims and other	(6,653,146)
Cash paid for administration	<u>(1,323,452)</u>
Net cash provided by (used in) operating activities	(618,326)
Cash flows from investing activities:	
Investment income	<u>3,256</u>
Net increase (decrease) in cash and cash equivalents	(615,070)
Cash - July 1, 2016	<u>3,491,637</u>
Cash - June 30, 2017	<u><u>\$ 2,876,567</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (624,484)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Due from other funds	(72,842)
Increase (decrease) in:	
Claims payable	<u>79,000</u>
Net cash provided by (used in) operating activities	<u><u>\$ (618,326)</u></u>

The notes to financial statements are an integral part of this statement.

Town of Stonington, Connecticut

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Pension Trust Fund	Police OPEB Trust Fund	OPEB Trust Fund	Private- Purpose Trust Fund	Agency Funds
<u>Assets</u>					
Cash	\$ -	\$ 7,050	\$ 4,656	\$ 18,554	\$ 467,172
Accounts receivable	30,000	-	-	-	-
Investments:					
Certificates of deposit	-	248,588	150,359	113,224	-
Mutual funds:					
Money market mutual funds	627,523	92,515	70,893	-	-
Fixed income mutual funds	-	88,122	121,654	-	-
Bond mutual funds	10,039,675	-	-	-	-
Equity mutual funds	21,193,376	287,068	200,014	-	-
Equities	-	449,310	305,242	-	-
Corporate bonds	-	253,913	284,603	-	-
U.S. government agency obligations	-	25,014	25,021	-	-
Municipal bonds	-	134,014	19,524	-	-
Total investments	31,860,574	1,578,544	1,177,310	113,224	-
Due from other funds	-	25,001	-	-	47,579
Total assets	31,890,574	1,610,595	1,181,966	131,778	514,751
<u>Liability</u>					
Accounts payable	-	-	-	-	514,751
<u>Net Position</u>					
Restricted for pension benefits, OPEB benefits and other purposes	\$ 31,890,574	\$ 1,610,595	\$ 1,181,966	\$ 131,778	\$ -

The notes to financial statements are an integral part of this statement.

Town of Stonington, Connecticut
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Pension Trust Fund	Police OPEB Trust Fund	OPEB Trust Fund	Private- Purpose Trust Fund
Additions:				
Contributions:				
Employer	\$ 997,631	\$ 79,681	\$ 461,649	\$ -
Employee	205,299	54,681	-	-
Total contributions	<u>1,202,930</u>	<u>134,362</u>	<u>461,649</u>	<u>-</u>
Investment income (loss):				
Net change in fair value of investments	2,654,550	70,797	51,638	-
Interest and dividends	512,238	40,261	28,082	238
Total investment income (loss)	<u>3,166,788</u>	<u>111,058</u>	<u>79,720</u>	<u>238</u>
Less investment expense	29,058	-	12,575	-
Net investment income (loss)	<u>3,137,730</u>	<u>111,058</u>	<u>67,145</u>	<u>238</u>
Total additions	<u>4,340,660</u>	<u>245,420</u>	<u>528,794</u>	<u>238</u>
Deductions:				
Benefits	1,605,602	5,712	371,649	-
Administration	37,332	16,928	2,000	-
Other	-	-	-	6,956
Total deductions	<u>1,642,934</u>	<u>22,640</u>	<u>373,649</u>	<u>6,956</u>
Change in net position	2,697,726	222,780	155,145	(6,718)
Net position - July 1, 2016	<u>29,192,848</u>	<u>1,387,815</u>	<u>1,026,821</u>	<u>138,496</u>
Net position - June 30, 2017	<u><u>\$ 31,890,574</u></u>	<u><u>\$ 1,610,595</u></u>	<u><u>\$ 1,181,966</u></u>	<u><u>\$ 131,778</u></u>

The notes to financial statements are an integral part of this statement.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**History and organization**

The Town of Stonington, Connecticut ("Town") is located in the southeastern corner of Connecticut, bordering Rhode Island to the east, Long Island Sound to the south and Groton, Ledyard and North Stonington to the west and north. The Town, which covers 42.7 square miles, was settled in 1649. The Town operates under a Selectmen-Town Meeting form of government as prescribed by the Connecticut General Statutes and its charter, which was adopted November 7, 1989. The Town provides the following services as authorized by its charter: public safety, public works (streets and highways), sanitation, culture and recreation, planning, zoning, public health and social services, sewers and education encompassing grades Pre-K through 12.

I. Summary of significant accounting policies**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

B. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Sewer Usage Fund* accounts for the Town's sewer use operations.

The *Pre K-5 School Construction Fund* accounts for the financial revenues to be used for the renovation and expansion of West Vine Street and Deans Mill elementary schools.

The Town reports the following major proprietary fund:

The *Internal Service Fund* accounts for risk financing activities for medical insurance benefits as allowed by GASB Statement No. 10.

Additionally, the Town reports the following fund types:

The *Pension Trust Fund* accounts for the activities of the Stonington Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Police OPEB Trust Fund* accounts for the activities of the Stonington Retiree Health Care Savings Account Plan, which accumulates resources for retiree health care benefits to qualified employees.

The *OPEB Trust Fund* accounts for the activities of the Town's OPEB Plan, which accumulates resources for retiree medical insurance benefits.

The *Private-Purpose Trust Fund* accounts for the activities of the Town's scholarships, which accumulates resources for local student education.

The *Agency Funds* account for monies held on behalf of students, other community groups and performance bonds.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges between certain Town functions because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service funds are charges to customers for services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town of Stonington retirement plan, the Connecticut Municipal Employees Retirement System (MERS) and the Connecticut State Teachers' Retirement System (TRS) have been determined on the same basis as they are reported by the Town of Stonington retirement plan, MERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity**1. Deposits and investments**

Deposits - The Town's cash and cash equivalents consists of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investment income is recorded in the fund in which it was earned.

The Town's pension funds are regulated by an approved investment policy, which is reviewed annually by the pension committee. The Town has agreements with the investment advisors, who manage the investment portfolios and have full authority for the investment and reinvestment of pension fund assets.

Investments for the Town are reported at fair value.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**2. Receivables and payables****a. Interfunds**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

b. Property taxes and other receivables

In the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2% to 50% of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, property taxes receivables which have not been collected within sixty days of June 30, have been recorded as deferred inflows of resources, since they are not considered to be available to finance expenditures of the current year. Taxes collected during the sixty day period have been recorded as revenue.

Loan receivables consist of Community Development Block Grant loans. The Town provides the low interest loans for residential rehabilitation as well as loans to local businesses for facility improvements.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicles taxes are due in full January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

3. Capital assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 for equipment, \$10,000 for improvements and \$50,000 for infrastructure and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

3. Capital assets (continued)

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land and building improvements	20-50
Buildings	50
Machinery and equipment	5-15
Infrastructure	20-65
Vehicles	5-10

4. Compensated absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement.

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. The vesting method, using historical data, was used to calculate the liability.

5. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**6. Deferred outflows/inflows of resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports the deferred charge on refunding and the deferred outflows related to pensions in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows applicable to pensions are related to contributions made by the Town after the measurement date and the net difference between projected and actual earnings on pension plan investments. The deferred outflows related to contributions made after the measurement date are recognized in the subsequent fiscal year. The deferred outflow for the net difference between projected and actual earnings on pension plan investments is amortized over a 5 year period. Deferred outflows for the differences between expected and actual experience and changes in assumptions are amortized over the average remaining service life of the plan members.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows related to OPEB in this category. When the Town reports a deferred inflow for the net difference between projected and actual earnings on pension plan investments it is amortized over a 5 year period. Deferred inflows for the differences between expected and actual experience and changes in assumptions are amortized over the average remaining service life of the plan members.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenue from four sources: property taxes, sewer charges and assessments, loans receivable and intergovernmental receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Fund equity and net position

In the government-wide financial statements, net position is classified into the following categories:

Net investment in Capital Assets

This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.

Restricted Net Position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Position

This category presents the net position of the Town which is not restricted.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**7. Fund equity and net position (continued)**

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by Town Meeting.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by the Board of Finance or by a properly approved purchase order.

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**8. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

9. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Stewardship, compliance and accountability**A. Budgets and budgetary accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. The general fund is the only fund for which a legal budget is adopted.

- No later than January 1, each Department, Office, Board or Commission of the Town, supported wholly or in part by Town funds, or for which a specific Town appropriation is made, except the Board of Education, shall prepare and submit to the First Selectman a detailed estimate of the expenditures to be made and the anticipated revenue other than tax revenue to be received during the ensuing fiscal year. The Board of Education shall submit its budget request by March 1st to the Board of Finance. The First Selectman, after consultation with the Director of Finance, shall prescribe the format for budget presentation which shall include, at a minimum, comparative statistics for the current and preceding fiscal year operations.
- No later than March 15th, the First Selectman shall present to the Board of Finance an itemized annual operating budget, including the Board of Education budget.
- The Board of Finance shall hold one (1) or more public hearings no later than the first Monday of May, at which time any elector or taxpayer may have an opportunity to be heard regarding appropriations for the ensuing fiscal year. Following receipt of the estimates from the First Selectman, the Board of Finance shall cause said estimates to be made available for review in the office of the Town Clerk. At least five (5) days before the aforementioned public hearing, the Board of Finance shall cause to be published in a newspaper having a substantial circulation in the Town, a notice of such public hearing and a summary of said proposed budget estimates which show the amount to be raised by taxation.

The Board of Finance shall have the authority to increase or decrease the budget submitted by the First Selectman. Within fifteen (15) days after holding the final such public hearing, the Board of Finance shall approve an operating budget and file the same with the Town Clerk for submission to the Annual Town Budget Meeting.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**A. Budgets and budgetary accounting (continued)**

- There shall be a Town Meeting for the consideration of the budget to be held no later than the third Monday in May and at such place and time as the Board of Selectmen may determine. Said meeting may be recessed as necessary. The budget adoption procedure shall be the following:
 - If the budget has not been submitted or petitioned to a Referendum, the budget as presented may be adopted by a majority vote of those present and voting thereon.
 - If the budget is rejected, it shall be returned to the Board of Finance who shall reconsider the budget and resubmit a budget to the recessed Town Meeting to be held no more than three (3) weeks after said rejection with at least (5) days published notice thereof.
 - The same steps and procedures, including published notices of meetings, shall be followed as outlined above until a budget has been adopted.
 - Any resubmitted budget may be submitted or petitioned to a Referendum.
 - In the event a budget has not been approved by June 15, the Board of Selectmen shall be empowered to set a mill rate in order to facilitate the preparation and mailing of tax bills at a level that in its best judgment will meet the needs of the Town for the ensuing year. In the event a budget has been adopted prior to June 15, the Board of Finance shall meet and set the mill rate at a level sufficient to meet the needs of the Town for the ensuing year.
- The Board of Finance, in accordance with the provisions of the Charter and the Connecticut General Statutes, is authorized to transfer unexpended balances from one appropriation to another. Management may not authorize any additional appropriations. All additional appropriations up to \$20,000 require Board of Finance approval. Those in excess of \$20,000 require full legislative approval (Town Meeting). The Board of Selectmen and the Board of Finance may approve additional appropriations cumulating no more than 0.5% of the current year operating budget. There were additional appropriations of \$259,864 made during the year.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Board of Finance approval and, if over \$20,000, Town Meeting approval.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

A. Budgets and budgetary accounting (continued)

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (Exhibit F) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

B. Budget - GAAP reconciliation

A reconciliation of revenues, expenditures and fund balance between the accounting treatment required by GAAP (Exhibit D) and budgetary requirements (Exhibit F) is as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Balance, budgetary basis, Exhibit F	\$64,474,189	\$59,702,326	\$16,194,233
Encumbrances outstanding at June 30, 2016 liquidated during the year ended June 30, 2017	-	249,177	-
Encumbrances outstanding at June 30, 2017, charged to budgetary expenditures	-	(330,132)	330,132
State Teachers' Retirement on-behalf payment	<u>4,049,572</u>	<u>4,049,572</u>	<u>-</u>
Balance, GAAP Basis, Exhibit D	<u>\$68,523,761</u>	<u>\$63,670,943</u>	<u>\$16,524,365</u>

C. Donor-restricted endowments

The Town has received certain endowments for various scholarship purposes. The amounts are reflected in net position as restricted for endowments. Investment income for scholarship funds is approved for expenditure by the individual Boards of the benefiting activities and is included in restricted net position.

D. Capital projects authorizations

The following is a summary of certain capital projects:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
Wastewater treatment facilities improvements	\$ 18,325,000	\$ 16,769,938	\$ 1,555,062
Various school renovations	69,000,000	4,962,568	64,037,432
Mystic River Boathouse Park	2,216,164	1,681,621	534,543
Athletic fields & facilities	<u>2,700,000</u>	<u>2,642,907</u>	<u>57,093</u>
Totals	<u>\$ 92,241,164</u>	<u>\$ 26,057,034</u>	<u>\$ 66,184,130</u>

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

III. Detailed notes

A. Cash and investments

1. Deposits - Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year end, \$21,988,512 of the Town's bank balance of \$29,444,664 (including certificates of deposit and money market accounts classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 16,187,122
Uninsured and collateral held by pledging bank's trust department not in the Town's name	<u>5,801,390</u>
Total amount subject to custodial credit risk	<u>\$ 21,988,512</u>

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceed the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

2. Investments - The Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

Type of Investment	Fair Value	N/A	Investment Maturities in Years			
			Less than One Year	1-5 Years	5-10 Years	Over 10 Years
<u>Mutual Funds:</u>						
Fixed income	\$ 209,776	\$ -	\$ 209,776	\$ -	\$ -	\$ -
Equity	21,680,458	21,680,458	-	-	-	-
Money market	790,931	-	790,931	-	-	-
Corporate bond	10,039,675	-	-	856,003	7,603,665	1,580,007
Certificates of deposit / MM	21,300,329	-	20,901,384	176,158	222,787	-
Pooled fixed income	493,510	-	493,510	-	-	-
U.S. government agency securities	50,035	-	-	25,021	25,014	-
Common stock	754,552	754,552	-	-	-	-
Corporate bonds	538,516	-	25,120	334,154	179,242	-
Municipal bonds	153,538	-	-	106,082	47,456	-
	<u>\$ 56,011,320</u>	<u>\$ 22,435,010</u>	<u>\$ 22,420,721</u>	<u>\$ 1,497,418</u>	<u>\$ 8,078,164</u>	<u>\$ 1,580,007</u>

Fair value of investments

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted prices; and
- Level 3: Unobservable inputs

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

A. Cash and investments (continued)

The Town had the following recurring fair value measurements:

Investments by fair value level	Amount	Quoted Market	Significant	Significant
		Prices in Active Markets Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3
<u>Mutual Funds:</u>				
Money market	\$ 790,931	\$ 790,931	\$ -	\$ -
Equity	21,680,458	21,680,458	-	-
Bond	10,039,675	10,039,675	-	-
Fixed income	209,776	209,776	-	-
Common stock	754,552	754,552	-	-
U.S. government agency securities	50,035	-	50,035	-
Municipal bonds	153,538	-	153,538	-
Corporate bonds	538,516	-	538,516	-
Total investments by fair value level	<u>34,217,481</u>	<u>\$ 33,475,392</u>	<u>\$ 742,089</u>	<u>\$ -</u>
<u>Other Investments</u>				
Money markets/CDs	21,300,329			
Pooled fixed income	<u>493,510</u>			
Total other investments	<u>21,793,839</u>			
Total investments	<u>\$ 56,011,320</u>			

Securities classified in Level 1 are valued using prices quoted in active markets for those securities. Securities classified in Level 2 are valued using quoted prices for identical securities in the markets that are not active.

Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

The Town's investments subject to credit risk had average ratings by Standard & Poor's as follows:

Average Ratings	Pooled Fixed Income	Municipal and Corporate Bonds	U.S Government Agency Securities	Bond Mutual Funds	Money Market Mutual Funds	Fixed Income Mutual Funds
AAA	\$ 493,510	\$ 48,715	\$ 50,035	\$ 856,003	\$ 790,931	\$ 115,132
AA	-	179,526	-	-	-	-
A	-	385,719	-	1,580,007	-	-
B	-	26,879	-	6,081,692	-	60,371
BBB	-	51,215	-	-	-	-
Unrated	-	-	-	1,521,973	-	34,273
Total	<u>\$ 493,510</u>	<u>\$ 692,054</u>	<u>\$ 50,035</u>	<u>\$ 10,039,675</u>	<u>\$ 790,931</u>	<u>\$ 209,776</u>

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

A. Cash and investments (continued)

Custodial credit risk - The Town does not have a formal policy with respect to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, debentures, certificates of deposit and money funds.

The following Town investments are held by the counterparty's trust department or agent but not in the Town's name and, therefore, are subject to custodial credit risk.

	<u>Total</u>	<u>Less Insured Amounts</u>	<u>Amount Subject to Custodial Credit Risk</u>
U.S. government agency securities	\$ 50,035	\$ -	\$ 50,035
Common stock	754,552	500,000	254,552
Corporate bonds	538,516	500,000	38,516
Municipal bonds	<u>153,538</u>	<u>-</u>	<u>153,538</u>
	<u>\$ 1,496,641</u>	<u>\$ 1,000,000</u>	<u>\$ 496,641</u>

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below.

	<u>Property Taxes</u>			<u>Police Outside Services</u>
	<u>Taxes</u>	<u>Interest & Lien Fees</u>	<u>Total</u>	
Current portion	<u>\$ 355,689</u>	<u>\$ 19,680</u>	<u>\$ 375,364</u>	<u>\$ 60,094</u>
Long-term portion	\$ 226,243	\$ 58,680	\$ 284,923	\$ -
Less allowance for uncollectibles	<u>(120,000)</u>	<u>(39,000)</u>	<u>(159,000)</u>	<u>(15,000)</u>
Net	<u>\$ 106,243</u>	<u>\$ 19,680</u>	<u>\$ 125,923</u>	<u>\$ 45,094</u>

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

B. Receivables (continued)

	<u>Sewer Use</u>				
	<u>Use</u>	<u>Interest & Lien Fees</u>	<u>Total</u>	<u>Sewer Assessment</u>	<u>Total</u>
Current portion	\$ 871,892	\$ 2,877	\$ 874,769	\$ 1,657	\$ 876,426
Long-term portion	\$ 180,663	\$ 2,877	\$ 183,540	\$ -	\$ 183,540
Less allowance for uncollectibles	<u>(21,000)</u>	<u>-</u>	<u>(21,000)</u>	<u>-</u>	<u>(21,000)</u>
Net long-term portion	<u>\$ 159,663</u>	<u>\$ 2,887</u>	<u>\$ 162,540</u>	<u>\$ -</u>	<u>\$ 162,540</u>

C. Capital assets

Capital asset activity for the fiscal year was as follows:

	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
Capital assets, not being depreciated:				
Land	\$ 11,028,391	\$ 1,681,445	\$ -	\$ 12,709,836
Construction in progress	<u>20,054,449</u>	<u>4,663,934</u>	<u>123,369</u>	<u>24,595,014</u>
Total capital assets, not being depreciated	<u>31,082,840</u>	<u>6,345,379</u>	<u>123,369</u>	<u>37,304,850</u>
Capital assets, being depreciated:				
Land and building improvements	11,054,962	50,000	-	11,104,962
Buildings	66,497,368	-	-	66,497,368
Machinery and equipment	6,507,943	1,568,030	-	8,075,973
Infrastructure	89,788,422	192,852	-	89,981,274
Vehicles	<u>3,992,974</u>	<u>145,742</u>	<u>176,650</u>	<u>3,962,066</u>
Total capital assets being depreciated	<u>177,841,669</u>	<u>1,956,624</u>	<u>176,650</u>	<u>179,621,643</u>
Total capital assets	<u>208,924,509</u>	<u>8,302,003</u>	<u>300,019</u>	<u>216,926,493</u>
Less accumulated depreciation for:				
Land and building improvements	4,455,412	284,791	-	4,740,203
Buildings	32,829,693	1,275,591	-	34,105,284
Machinery and equipment	5,129,873	638,965	-	5,768,838
Infrastructure	34,278,871	1,872,175	-	36,151,046
Vehicles	<u>2,394,650</u>	<u>322,736</u>	<u>169,492</u>	<u>2,547,894</u>
Total accumulated depreciation	<u>79,088,499</u>	<u>4,394,258</u>	<u>169,492</u>	<u>83,313,265</u>
Total capital assets, being depreciated, net	<u>98,753,170</u>	<u>(2,437,634)</u>	<u>7,158</u>	<u>96,308,378</u>
Capital assets, net	<u>\$ 129,836,010</u>	<u>\$ 3,907,745</u>	<u>\$ 130,527</u>	<u>\$ 133,613,228</u>

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**C. Capital assets (continued)**

Depreciation expense was charged to functions/programs of the Town as follows:

General government	\$1,719,059
Public safety	214,010
Highway department	213,694
Sanitation and waste removal	589,997
Human services	8,453
Education	<u>1,649,045</u>
Total depreciation expense	<u>\$4,394,258</u>

D. Interfund accounts**1. Interfund payables and receivables**

A summary of interfund balances is as follows:

<u>Major funds</u>	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund:			
Town Aid Road Fund	N/A	\$ -	\$ 410,392
Shellfish Fund	N/A	891	-
Dog License Fund	N/A	-	10,750
Youth Service Activity Fund	N/A	13,985	-
Miscellaneous	N/A	51,969	-
Community Development Block Grant	N/A	20	-
Recreation Commission Fund	N/A	20,111	-
Human Services Grant	N/A	-	37,208
Mystic Harbor Management	N/A	-	24,748
Stonington Harbor Management	N/A	-	22,831
Miscellaneous	N/A	-	177,730
Statewide Narcotics Grant	N/A	-	796
State Assets Forfeiture	N/A	-	2,163
Planning and Development Grant funds	N/A	-	96,688
Prepaid Education Grants	N/A	198,456	-
Bonded Capital Projects	N/A	-	1,303,640
Capital Nonrecurring	N/A	147,945	-
PreK-5 Construction	N/A	-	11,798,548
Sewer Usage Fund	N/A	476,934	-
Health Care Fund	N/A	-	707,021
Town Dock Reserve	N/A	-	60,000
Police OPEB Trust Fund	N/A	-	<u>25,001</u>
Total General Fund	N/A	<u>910,311</u>	<u>14,677,516</u>
Sewer Usage Fund:			
General fund	N/A	-	<u>476,934</u>
Pre K-5 School Construction:			
General Fund	N/A	<u>11,798,548</u>	-

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

D. Interfund accounts (continued)

1. Interfund payables and receivables (continued)

<u>Nonmajor funds</u>	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
Special revenue funds:			
Town Aid Road Fund	General fund	\$ 410,392	\$ -
Shellfish Fund	General fund	-	891
Dog License Fund	General fund	10,750	-
Youth Service Activity Fund	General fund	-	13,985
Youth Service Activity Fund	Recreation	-	13,599
Youth Service Activity Fund	Human Services Grants	1,028	-
Miscellaneous	General fund	-	51,969
Community Development Block Grant	General fund	-	20
Recreation Commission Fund	General fund	-	20,111
Recreation Commission Fund	Youth Service	13,599	-
Human Services Grant	General fund	37,208	-
Human Services Grant	Youth Service	-	1,028
Miscellaneous	General fund	180,689	-
Human Services Grants	Hot Lunch Program	3,519	-
Planning and Development Grant Fund	General fund	96,688	-
Planning and Development Grant Fund	Bonded Capital Projects	140	-
Prepaid Education Grants Fund	General fund	-	198,456
Hot Lunch Program	Human Services Grants	-	3,519
Capital projects funds:			
Capital Nonrecurring	General fund	-	147,945
Bonded Capital Projects	General fund	<u>1,303,500</u>	<u>-</u>
Total nonmajor governmental funds		<u>2,057,513</u>	<u>451,523</u>
Internal service funds		<u>767,021</u>	<u>-</u>
Fiduciary funds:			
Police OPEB Trust Fund	General fund	<u>25,001</u>	<u>-</u>
Agency funds:			
Stonington Harbor Management	General fund	22,831	-
Mystic Harbor Management	General fund	<u>24,748</u>	<u>-</u>
Total agency funds		<u>47,579</u>	<u>-</u>
Grand total		<u>\$ 15,605,973</u>	<u>\$ 15,605,973</u>

All interfund balances resulted from the time lag between the dates payments occurred between funds for various activities.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

D. Interfund accounts (continued)

2. Interfund transfers

A summary of interfund transfers for the fiscal year is as follows:

<u>Major Funds</u>	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:			
Miscellaneous	N/A	\$ -	\$ 221,714
Sewer Assessment Fund	N/A	45,000	-
Sewer Usage Fund	N/A	-	300,000
Capital Nonrecurring	N/A	-	<u>3,041,078</u>
Total general fund		<u>45,000</u>	<u>3,562,792</u>
Sewer usage fund:			
General fund	N/A	<u>300,000</u>	-
<u>Nonmajor Funds</u>			
Special Revenue Funds:			
Sewer Assessment Fund	General Fund	-	45,000
Miscellaneous	General Fund	221,714	-
Capital Projects Fund:			
Capital and Nonrecurring	General Fund	<u>3,041,078</u>	-
Total Nonmajor Funds		<u>3,262,792</u>	<u>45,000</u>
Grand Total		<u>\$ 3,607,792</u>	<u>\$ 3,607,792</u>

Transfers are used to account for the financing by the general fund of various program and activities in other funds.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

E. Changes in long-term obligations

1. Summary of changes

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2016 (as restated)	Additions	Deductions	Balance June 30, 2017	Current Portion	Long-term Portion
<u>Bonds:</u>										
General purpose:										
Refunding bond	\$4,525,000	02/15/09	05/15/20	2.0%-5.0%	\$ 1,558,100	\$ -	\$ 403,700	\$ 1,154,400	\$ 388,600	\$ 765,800
Refunding bond	1,192,000	02/23/12	09/01/24	2.25%-4.0%	971,000	-	110,000	861,000	109,000	752,000
Improvement bond	4,285,000	08/14/13	08/15/33	2.5%-4.25%	3,855,000	-	215,000	3,640,000	215,000	3,425,000
Road Improvement bond	1,915,000	08/22/14	08/15/34	2.0%-4.0%	1,818,000	-	97,000	1,721,000	97,000	1,624,000
Mystic River Park	2,216,164	11/01/16	11/01/17	2.0%-5.0%	-	2,216,164	-	2,216,164	111,164	2,105,000
Total general purpose					8,202,100	2,216,164	825,700	9,592,564	920,764	8,671,800
School:										
Refunding bond	3,000,000	02/15/09	05/15/20	2.0%-5.0%	831,900	-	296,300	535,600	286,400	249,200
Refunding bond	16,128,000	02/23/12	09/01/26	2.0%-4.0%	13,594,000	-	1,520,000	12,074,000	1,501,000	10,573,000
Pre K-5 School Project	15,003,836	11/01/16	11/01/17	2.0%-5.0%	-	15,003,836	-	15,003,836	753,836	14,250,000
Total school					14,425,900	15,003,836	1,816,300	27,613,436	2,541,236	25,072,200
Sewer:										
Improvement bond	12,000,000	04/05/12	04/01/32	4.125%-5.5%	9,600,000	-	600,000	9,000,000	600,000	8,400,000
Improvement bond	6,325,000	08/22/14	08/15/34	2.0%-4.0%	6,007,000	-	318,000	5,689,000	318,000	5,371,000
Total sewer					15,607,000	-	918,000	14,689,000	918,000	13,771,000
Total bonds					38,235,000	17,220,000	3,560,000	51,895,000	4,380,000	47,515,000
<u>Notes:</u>										
Clean water loans:										
Clean water loan	1,563,519	1998	2017	2.0%	75,155	-	75,155	-	-	-
Clean water loan	1,148,280	06/30/00	2016	2.0%	78,756	-	78,756	-	-	-
Total clean water loans					153,911	-	153,911	-	-	-
Energy loans	54,064	6/16/2017	06/16/21		-	54,064	-	54,064	13,517	40,547
Total bond and notes					38,388,911	17,274,064	3,713,911	51,949,064	4,393,517	47,555,547
Premiums					2,016,348	814,055	210,019	2,620,384	-	2,620,384
Total bonds, notes and related liabilities					40,405,259	18,088,119	3,923,930	54,569,448	4,393,517	50,175,931
Capital leases					639,284	1,679,974	577,248	1,742,010	580,549	1,161,461
Compensated absences					1,455,025	1,453,869	883,079	2,025,815	506,454	1,519,361
Landfill postclosure costs					225,000	-	25,000	200,000	25,000	175,000
Heart and hypertension					919,897	36,135	48,750	907,282	-	907,282
Net pension liability					4,878,508	4,106,459	4,303,328	4,681,639	-	4,681,639
Net OPEB liability					5,432,692	544,970	526,794	5,450,868	-	5,450,868
Total long-term obligations					\$53,955,665	\$25,909,526	\$10,288,129	\$69,577,062	\$5,505,520	\$64,071,542

All long-term liabilities are generally liquidated by the general fund.

In November 2017, the Town issued \$20,000,000 of general obligation bonds and \$20,000,000 of general obligation bonds anticipation notes. These bonds mature through 2027 and carry interest rates of 2.0 - 4.0%. These BANs mature in October of 2018 and carry coupon interest rate of 2.0%.

own of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

E. Changes in long-term obligations

The annual requirements to amortize bonds and loans payable are as follows:

Fiscal Year End June 30,	Bonds			Energy Loans		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 4,380,000	\$ 1,978,706	\$ 6,358,706	\$ 13,517	\$ -	\$ 13,517
2019	4,210,000	1,561,981	5,771,981	13,516	-	13,516
2020	4,195,000	1,399,482	5,594,482	13,515	-	13,515
2021	3,690,000	1,228,781	4,918,781	13,516	-	13,516
2022	3,580,000	1,091,532	4,671,532	-	-	-
2023	3,580,000	960,630	4,540,630	-	-	-
2024	3,570,000	842,119	4,412,119	-	-	-
2025	3,325,000	734,047	4,059,047	-	-	-
2026	2,740,000	642,681	3,382,681	-	-	-
2027	2,255,000	568,813	2,823,813	-	-	-
2028	2,085,000	501,294	2,586,294	-	-	-
2029	2,085,000	435,363	2,520,363	-	-	-
2030	2,085,000	367,662	2,452,662	-	-	-
2031	2,085,000	299,962	2,384,962	-	-	-
2032	2,080,000	231,974	2,311,974	-	-	-
2033	1,480,000	163,312	1,643,312	-	-	-
2034	1,480,000	115,262	1,595,262	-	-	-
2035	1,270,000	71,419	1,341,419	-	-	-
2036	860,000	38,700	898,700	-	-	-
2037	860,000	12,900	872,900	-	-	-
TOTALS	\$ 51,895,000	\$ 13,246,619	\$ 65,141,619	\$ 54,064	\$ -	\$ 54,064

2. Statutory debt limitations

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 143,323,794	\$ 11,725,293	\$ 131,598,501
Schools	286,647,588	27,613,436	259,034,152
Sewers	238,872,990	14,689,000	224,183,990
Urban renewal	207,023,258		207,023,258
Pension deficit	191,098,392		191,098,392

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$445,896,248.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**E. Changes in long-term obligations (continued)****3. Prior years' advance refunding**

In the prior years, the Town had defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Town's financial statements. The amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$1,100,000.

4. Authorized/unissued bonds

The amount of authorized, unissued bonds for improvements to the Town's school building renovations is \$53,996,164.

5. Capital leases

The Town is committed under multiple leases for vehicles and student laptop computers. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

Vehicles and student laptop computers totaling \$1,777,961 and accumulated amortization of \$497,394 are recorded under capital leases. Amortization of vehicles under capital leases is included with depreciation expense.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments:

Year Ending <u>June 30,</u>	
2018	627,672
2019	627,673
2020	443,665
2021	<u>138,100</u>
Total	1,837,110
Less amount representing interest	<u>(95,100)</u>
Present value of minimum lease payments	<u>\$1,742,010</u>

6. Landfill closure and postclosure care costs

The Town closed its landfill in 1995. State and Federal laws and regulations require landfill closures to meet certain standards. Monitoring costs and estimated repairs and maintenance for the next 8 years at \$25,000 per year are \$200,000. These amounts are based on estimates which are subject to change due to inflation, technology or applicable laws and regulations.

F. Restricted net position

The amount of restricted net position, which was restricted by enabling legislation, totaled \$1,806,836.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**G. Fund balance classifications**

Fund balances are composed of the following:

Fund Balance Component	General Fund	Sewer Usage Fund	Pre K-5 School Construction	Other Governmental Funds	Total
<u>Nonspendable:</u>					
General government	\$ 606,341	\$ -	\$ -	\$ -	\$ 606,341
<u>Restricted:</u>					
Public safety	-	-	-	7,469	7,469
Highway department	-	-	-	410,392	410,392
Sanitation and waste removal	-	637,268	-	1,130,388	1,767,656
Human services	-	-	-	8,949	8,949
Education	-	-	-	43,854	43,854
Total Restricted	-	637,268	-	1,601,052	2,238,320
<u>Committed:</u>					
General government	-	-	-	201,078	201,078
Approved CNR Projects	-	-	11,659,474	5,398,605	17,058,079
Total Committed	-	-	11,659,474	5,599,683	17,259,157
<u>Assigned:</u>					
Subsequent years' budget	1,893,300	-	-	-	1,893,300
General government	125,023	-	-	740,578	865,601
Public safety	-	-	-	3,283	3,283
Highway department	26,353	-	-	-	26,353
Recreation	-	-	-	176,013	176,013
Education	178,756	-	-	242,659	421,415
Total assigned	2,223,432	-	-	1,162,533	3,385,965
Unassigned	13,694,592	-	-	(2,331)	13,692,261
Total	\$ 16,524,365	\$ 637,268	\$11,659,474	\$ 8,360,937	\$ 37,182,044

H. Deficit fund balances

The Community Development Block Grant had a deficit fund balance at year end of \$2,331. The deficit will be reduced or eliminated in future years as amounts are received for additional grants or charges for services.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

IV. Other information

A. Risk management

The Town is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town established as an internal service fund, the health insurance fund, to account for and finance the retained risk of loss for Town employees. A third party administers the plan for which the fund pays a fee. The self-insurance fund provides coverage for all eligible Town employees. The Town has purchased a stop loss policy for total claims in any one year exceeding an aggregate of 120% of expected claims and for individual claims exceeding \$100,000 for hospital and major medical.

Only the Town participates in this health insurance program and payments to the fund are based upon estimates by number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability reported in the fund is based upon the provisions of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded.

The internal service fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used to compute claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, including the effects of specific, incremental claim adjustment expenditures, salvage and subrogation; allocated claim adjustment expenditures are not included.

	Claims Payable <u>July 1</u>	Current Year Claims and Changes in <u>Estimates</u>	Claims <u>Paid</u>	Claims Payable <u>June 30</u>
2015-2016	\$495,000	\$5,740,185	\$5,729,185	\$506,000
2016-2017	506,000	6,732,146	6,653,146	585,000

The Town is currently a member in Connecticut Interlocal Risk Management Agency ("CIRMA"), an unincorporated association of Connecticut local public agencies, which was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-47-a et. seq. of the Connecticut General Statutes.

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk sharing pool. The Town paid CIRMA for provisions of general liability, automobile liability, employee benefit liability, law enforcement liability, public officials and property coverage. The premium is subject to these coverages, and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year End June 30, 2017**A. Risk management (continued)**

The Town is also a member of CIRMA's Workers' Compensation Pool, a risk sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan, and losses incurred in the coverage period 2016-2017 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in insurance coverage from amounts held in prior years.

B. Commitments and litigation

Amounts received or receivable from Federal and state grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. In the opinion of the Town attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

C. Pension plans**1. Pension plans**Summary

The Town contributes to two pension plans covering substantially all full time employees and noncertified Board of Education employees. One plan covers employees of the police department ("MERS") and the other plan covers all other employees ("PERS"). The certified faculty and administrative personnel at the Board of Education participate in a contributory retirement plan administered by the State Teachers' Retirement Board. The Town does not contribute to this plan.

2. Town of Stonington Retirement Plan (PERS)**A. Plan administration**

The Town contributes to the Town of Stonington retirement plan, a single employer Public Employee Retirement System ("PERS"). The plan is administered by a Selectmen appointed, five-member retirement board. The responsibility for the holding and investment of plan assets lies with the trustee appointed by the Selectmen. The trustees shall be the bank or Trust company having the power to act as trustee in the State of Connecticut. The current trustee is Wells Fargo. The PERS is considered part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund. All full time employees including the First Selectman, Town Clerk and Tax Collector but excluding police officers, teachers and other elected officials are eligible to participate. The plan does not issue separate, stand-alone financial reports.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

B. Plan membership

At July 1, 2016, PERS membership consisted of:

Retirees and beneficiaries receiving benefits	134
Terminated plan members entitled to but not yet receiving benefits	50
Active plan members	<u>159</u>
 Total Plan Participants	 <u>343</u>

C. Benefit provisions

Benefits are 50% vested after five years of service with the Town for the contributory plan and are fully vested after ten years of service. Benefits are 50% vested after 10 years of service with the Town for the non-contributory plan and are fully vested after 15 years. Normal retirement is the earlier of the member having reached his 62nd birthday or having completed 35 years of credited service. For the contributory plan, a member who retires on his normal retirement date shall receive an annual retirement benefit equal to 1.75% of such member's final average earnings multiplied by such member's years of credited service. For the non-contributory plan, a member who retires on his normal retirement date shall receive an annual retirement benefit equal to 1.50% of such member's final average earnings multiplied by such member's years of credited service. Final average earnings are determined by the member's 60 highest consecutive calendar months before retirement or termination, if earlier. The plan also provides for an actuarially reduced earlier retirement date, death and disability benefits. These benefit provisions and all other requirements are established by Town ordinance.

D. Contributions required

For the contributory plan, participants are required to contribute 3% of their annual salary.

For the non-contributory plan, there are no required participants contributions.

E. Investments

Investment policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Town of Stonington Pension Board by a majority vote of its members. It is the policy of the Town of Stonington Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Pension Board periodically reviews the asset allocation and strategic objectives in light of market conditions, benefit payments, expenses, and expected contributions from the Town of Stonington. The Pension Board adopted an asset allocation policy, which is a blend of Higher Risk, Lower Risk, and Liquid assets. These blends translate into the following allocation:

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	32.00%	2.20%
Global fixed income	5.00%	2.50%
Large cap	24.50%	5.55%
Small cap	11.00%	5.85%
Developed international equities	19.00%	5.85%
Emerging international equities	5.50%	6.80%
Commodities	3.00%	2.50%
Total	100.00%	

Long-term inflation expectation 2.25%

Long-term expected nominal return 6.64%

F. Long-term rate of return

Best estimates of geometric nominal rates of return for each major asset class included in the pension plan's target asset allocation (see the discussion of the pension plan's investment policy) are summarized in the preceding table.

Rate of return: The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentrations: There were no investments in any one organization that represented 5% or more of the pension plan's net position.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

G. Net pension liability

The Town's net pension liability is \$4,681,639. The components of the net pension liability were as follows:

Total pension liability	\$ 36,572,213
Plan fiduciary net position	<u>31,890,574</u>
Net pension liability	<u>\$ 4,681,639</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>87.20%</u>
Covered payroll	<u>\$ 8,441,906</u>
Net pension liability as a percentage of covered payroll	<u>55.46%</u>

H. Actuarial assumptions used to calculate Net pension liability

Actuarial cost method	Entry age normal
Amortization method	20 year period
Asset valuation method	Fair Value
Valuation date	July 1, 2016
Discount rate	6.75%
Inflation	3.0%
Cost of living increase	None
Salary projection	Graded schedule based on age of participant ranging from age 20 at 6.5% to age 52+ at 3.00%
Mortality	RP2000 Mortality Table, separate male and female rates with no collar adjustment, combined tables for non-annuitants and annuitants, projected to the valuation date with Scale AA
Retirement Age	Earlier of 62.6 or 35 years of credited service or valuation date plus 1 year.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

I. Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on the plan's current net pension liability and current contribution policy, the pension plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rate of return on pension plan investments (6.75%) was used to discount plan liabilities.

J. Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 6.75% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	\$8,911,026	\$4,681,639	\$1,101,334

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

L. Changes in the Net Pension Liability

The Town's net pension liability was measured at June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2016	<u>\$ 34,071,356</u>	<u>\$ 29,192,848</u>	<u>\$ 4,878,508</u>
Service cost	785,169	-	785,169
Interest	2,299,512	-	2,299,512
Differences between expected and actual experience	106,186	-	106,186
Changes in assumptions	915,592	-	915,592
Contributions - employer	-	997,631	(997,631)
Contributions - member	-	205,299	(205,299)
Net investment income	-	3,137,730	(3,137,730)
Benefit payments, including refunds of member contributions	(1,605,602)	(1,605,602)	-
Administrative expenses	-	(37,332)	37,332
Net change	<u>2,500,857</u>	<u>2,697,726</u>	<u>(196,869)</u>
Balance at June 30, 2017	<u>\$ 36,572,213</u>	<u>\$ 31,890,574</u>	<u>\$ 4,681,639</u>

M. Pension Expense and Deferred Outflows and Inflows of Resources

The Town recognized pension expense of \$1,181,804.

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 76,690
Changes in assumptions	661,261
Net difference between projected and actual earnings on pension plan investments	<u>1,075,818</u>
Total	<u>\$ 1,813,769</u>

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

C. Pension plans (continued)

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive employees, which was also 5 years.

The amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending <u>June 30,</u>	
2018	851,772
2019	851,774
2020	346,583
2021	<u>(236,360)</u>
Total	<u>\$1,813,769</u>

3. Pension plans – Connecticut Municipal Employees Retirement System (MERS)

a. Plan description

Municipalities may designate which departments (including elective officers if so specified) are to be covered under the Connecticut Municipal Employees Retirement System (MERS). This designation may be the result of collective bargaining. Only employees covered under the State Teachers’ Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has four sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**3. Pension plans – Connecticut Municipal Employees Retirement System (MERS)****b. Benefit provisions**

The plan provides retirement, disability and death benefits.

General Employees

Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service.

Policemen and Firemen

Compulsory retirement age for police and fire members is age 65.

Normal Retirement: For members not covered by social security, the benefit is 2% of average final compensation times years of service.

For members covered by Social Security, the benefit is 1 ½% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits.

If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.

Early Retirement: Employees are eligible after 5 years of continuous service or 15 years of active aggregate service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferral to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement: Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for nonservice-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**3. Pension plans – Connecticut Municipal Employees Retirement System (MERS)****c. Contributions**Employer

Participating municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions.

Employees

For employees not covered by social security, each person is required to contribute 5% of compensation.

For employees covered by social security, each person is required to contribute 2 ¼% of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

d. Pension liabilities, pension assets, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The Town reported \$1,262,985 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Town's proportionate share of the net pension asset was based upon the Town's 2016 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. At June 30, 2016, the Town's proportional share was 2.2422% of one sub plan.

Subsequent to the measurement date, there were no changes in benefit terms or any expected changes that will have an impact on the measurement of net pension liability.

The Town recognized pension expense of \$698,828. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

4. Pension plans – Connecticut Municipal Employees Retirement System (MERS)

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 890,476	\$ -
Change in proportional share	140,616	-
Difference between expected and actual experience	928,777	-
Town contributions subsequent to measurement date	<u>474,553</u>	<u>-</u>
Total	<u>\$ 2,434,422</u>	<u>\$ -</u>
Net amount of deferred inflow and outflow excluding Town contributions subsequent to measurement date		<u>\$ 1,959,869</u>

The amount reported as deferred outflows of resource related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2017. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2018	\$ 483,019
2019	483,019
2020	578,958
2021	<u>414,873</u>
Total	<u>\$ 1,959,869</u>

e. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

3. Pension plans – Connecticut Municipal Employees Retirement System (MERS)

Mortality rates were based on the RP-2000 Combined Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase the CPI up to 6%. The minimum annual COLA is 2.5%, the maximum is 6%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	<u>3.0%</u>	0.4%
Total	<u>100.0%</u>	

f. Discount rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

3. Pension plans – Connecticut Municipal Employees Retirement System (MERS)

g. Sensitivity of the net pension asset to changes in the discount rate

The following presents the Town’s proportional share of the net pension liability of MERS, calculated using the discount rate of 8.00%, as well as what the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease <u>(7.00%)</u>	Current Discount <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
Town’s proportional share of the net pension asset (liability)	\$ (1,237,445)	\$ 1,262,985	\$3,342,129

h. Plan fiduciary net position

Detailed information about the Connecticut Municipal Employees Retirement System plan’s fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2016.

i. Payable to the pension plan

The Town has completed its installment agreement with respect to the plan and therefore there are \$0 of accounts payable to the Connecticut Municipal Employees Retirement System plan outstanding at year end.

4. Pension plans - Connecticut State Teachers’ Retirement Plan

a. Plan description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers’ Retirement System (TRS), a cost sharing multiple-employer defined benefit pension plan administered by the Teachers’ Retirement Board (TRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

b. Benefit provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**4. Pension plans - Connecticut State Teachers' Retirement Plan**

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of annual average salary.

c. ContributionsState of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employer (School Districts)

School district employers are not required to make contributions to the plan.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of their salary for the pension benefit.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

4. Pension plans - Connecticut State Teachers' Retirement Plan

d. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>59,130,448</u>
Total	<u>\$ 59,130,448</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town has no proportionate share of the net pension liability.

During the year the Town recognized pension expense and revenue of \$4,049,572 for on-behalf amounts for the benefits provided by the State.

e. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

4. Pension plans - Connecticut State Teachers' Retirement Plan

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Core fixed income	7.0%	1.3%
High yield bonds	5.0%	3.9%
Emerging market bond	5.0%	3.7%
Inflation linked bond fund	3.0%	1.0%
Cash	<u>6.0%</u>	0.4%
Total	<u>100.0%</u>	

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**4. Pension plans - Connecticut State Teachers' Retirement Plan****f. Discount rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

g. Sensitivity of the net pension liability to changes in the discount rate

The Town's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

h. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2016.

D. Other Post-Employment Benefit Plan**1. Plan description****A. Plan administration**

The Town administers a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions ("OPEB") for certain full-time employees. Management of the plan is vested in the Board of Finance. The plan does not issue stand-alone financial reports.

B. Benefit provided

The Town plan provides for medical and dental benefits for all eligible retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Benefits are provided by a third party insurer and the full cost of benefits is covered by the plan.

C. Contributions

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town's total contribution to the plan was \$461,649. There are no required employee contributions.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

D. Other Post-Employment Benefit Plan

D. Employees Covered by Benefit Terms

As of July 1, 2015, the following employees are covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	36
Active plan members	<u>413</u>
Total	<u>449</u>

2. Investments

a. Investment Policy

The OPEB plans' policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Town's Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy for the OPEB plan:

<u>Asset Class</u>	<u>Target Allocation</u>
US cash	6.50%
US core fixed income	51.10%
US government bonds	2.45%
US equity market	39.05%
Global equity	<u>0.90%</u>
Total	<u>100.00%</u>

b. Concentrations

There were no investments in any one organization that represents 5% or more of the OPEB plans' net position.

3. Rate of Return

The annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 7.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

D. Other Post-Employment Benefit Plan (continued)

4. Net OPEB Liability

The Town's total OPEB liability of \$5,450,868 was measured as of June 30, 2017, and was determined by an actuarial valuation as July 1, 2015.

Total OPEB liability	\$ 6,632,834
Plan fiduciary net position	<u>1,181,966</u>
Net OPEB liability	<u>\$ 5,450,868</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>17.82%</u>

5. Actuarial methods and other inputs

The total OPEB liability was determined based upon a July 1, 2015 actuarial valuation using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	6.25%
Inflation	2.70%
<u>Healthcare cost trend rates:</u>	
Medical trend rate	6.26-4.60% - over 78 years
Ultimate medical trend rate	4.60%

The discount rate was based on the S&P municipal bond 20 year high grade index as of the measurement date.

Mortality rates were based on the RP-2014 adjusted to 2006 with generational mortality improvement to current year under Projection Scale MP-2015.

The valuation results provided in this report reflect a best estimate of the potential impact of the Patient Protection and Affordable Care Act (PPACA). Consideration has been made for provisions of the law that are effective as of the valuation date as well as those provisions that will take effect in the future.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017**D. Other Post-Employment Benefit Plan (continued)****5. Actuarial methods and other inputs (continued)**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric means real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US cash	0.58%
US core fixed income	2.52%
US government bonds	1.78%
US equity market	3.81%
Global equity	4.10%

6. Discount rate

The discount rate used to measure the total OPEB liability was 6.25% for the OPEB plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

D. Other Post-Employment Benefit Plan (continued)

7. Changes in the net OPEB liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2016	\$ 6,459,513	\$ 1,026,821	5,432,692
Service cost	143,707		143,707
Interest	401,263		401,263
Contributions - employer	-	461,649	(461,649)
Net investment income	-	67,145	(67,145)
Benefit payments, including refunds of member contributions	(371,649)	(371,649)	-
Administrative expenses	-	(2,000)	2,000
Net change	173,321	155,145	18,176
Balance at June 30, 2017	\$ 6,632,834	\$ 1,181,966	\$ 5,450,868

8. Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current discount rate:

	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
OPEB liability			
Discount rate sensitivity	\$ 6,217,900	\$ 5,450,868	\$ 4,798,978

9. Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate.

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

	1% Decrease	Current Trend	1% Increase
OPEB liability			
Healthcare cost trend rate - sensitivity	\$ 4,611,393	\$ 5,450,868	\$ 6,468,895

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

D. Other Post-Employment Benefit Plan (continued)

10. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the fiscal year the Town recognized OPEB expense of \$490,403. The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description of Outflows/Inflows	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ <u>10,578</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2018	\$ 2,645
2019	2,645
2020	2,645
2021	2,643
Total	\$ 10,578

E. Retiree health care defined contribution plan

The Town has a defined contribution healthcare plan covering police officers that was established in July 2004. The plan provides for retiree health care benefits through reimbursement of eligible medical care expenses, including the reimbursement of retiree healthcare premiums upon retirement from the Town. Participation in the plan is mandatory for all eligible police officers. The employee contribution is 2% of base pay with an equivalent Town match. Upon normal retirement, the participant's account balance shall be a minimum of \$32,000. If the account balance is less than \$32,000, the Town shall make contributions necessary to bring the account balance to \$32,000. Total Town and employee contributions year ended were \$79,681 and \$54,681, respectively.

Town of Stonington, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2017

F. Prior period adjustment

The government-wide net position was restated as follows:

Net position as previously reported at June 30, 2016	\$ 114,460,247
To remove net OPEB obligation previously recorded	99,418
To record beginning net OPEB liability (NOL)	<u>(5,432,692)</u>
Net position as restated at July 1, 2016	<u>\$ 109,126,973</u>

**Required
Supplementary
Information**

Town of Stonington, Connecticut

Town of Stonington Employees' Pension Plan

Required Supplementary Information
Last Four YearsSchedule of Changes in Net Pension Liability

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 785,169	\$ 807,690	\$ 784,165	\$ 761,325
Interest	2,299,512	2,223,435	2,337,106	2,210,832
Change of benefit terms	-	-	783,451	-
Differences between expected and actual experience	106,186	(365,705)	(504,935)	-
Change of assumptions	915,592	-	(253,207)	-
Benefit payments, including refunds of member contributions	<u>(1,605,602)</u>	<u>(1,428,980)</u>	<u>(1,353,367)</u>	<u>(1,270,805)</u>
Net change in total pension liability	2,500,857	1,236,440	1,793,213	1,701,352
Total pension liability - July 1	<u>34,071,356</u>	<u>32,834,916</u>	<u>31,041,703</u>	<u>29,340,351</u>
Total pension liability - June 30 (a)	<u>36,572,213</u>	<u>34,071,356</u>	<u>32,834,916</u>	<u>31,041,703</u>
Plan fiduciary net position:				
Contributions - employer	997,631	1,029,505	1,103,588	1,147,449
Contributions - member	205,299	216,143	219,235	257,396
Net investment income (loss)	3,137,730	(79,775)	233,513	3,765,012
Benefit payments, including refunds of member contributions	(1,605,602)	(1,428,980)	(1,353,367)	(1,270,805)
Administration expenses	<u>(37,332)</u>	<u>(34,399)</u>	<u>(32,251)</u>	<u>(47,133)</u>
Net change in plan fiduciary net position	2,697,726	(297,506)	170,718	3,851,919
Plan fiduciary net position - July 1	<u>29,192,848</u>	<u>29,490,354</u>	<u>29,319,636</u>	<u>25,467,717</u>
Plan fiduciary net position - June 30 (b)	<u>31,890,574</u>	<u>29,192,848</u>	<u>29,490,354</u>	<u>29,319,636</u>
Net pension liability (asset) - June 30 (a)-(b)	<u>\$ 4,681,639</u>	<u>\$ 4,878,508</u>	<u>\$ 3,344,562</u>	<u>\$ 1,722,067</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut
Town of Stonington Employees' Pension Plan
Required Supplementary Information
Last Four Years

Schedule of Net Pension Liability

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 36,572,213	\$ 34,071,356	\$ 32,834,916	\$ 31,041,703
Plan fiduciary net position	<u>(31,890,574)</u>	<u>(29,192,848)</u>	<u>(29,490,354)</u>	<u>(29,319,636)</u>
Net pension liability	<u>\$ 4,681,639</u>	<u>\$ 4,878,508</u>	<u>\$ 3,344,562</u>	<u>\$ 1,722,067</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>87.20%</u>	<u>85.68%</u>	<u>89.81%</u>	<u>94.45%</u>
Covered payroll	<u>\$ 8,441,906</u>	<u>\$ 8,535,124</u>	<u>\$ 9,007,063</u>	<u>9,124,324</u>
Net pension liability as a percentage of covered payroll	<u>55.46%</u>	<u>57.16%</u>	<u>37.13%</u>	<u>18.87%</u>

Schedule of Investment Returns

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money weighted rate of return, net investment expense	<u>10.89%</u>	<u>-0.28%</u>	<u>0.83%</u>	<u>15.07%</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut

Town of Stonington Employees' Pension Plan

Required Supplementary Information
Last Ten YearsSchedule of Contributions

Actuarial Valuation Date July 1,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 1,015,388	\$ 997,631	\$ (17,757)	\$ 8,441,906	11.8%
2016	927,734	1,029,505	101,771	8,535,124	12.1%
2015	1,044,301	1,103,588	59,287	9,007,063	12.3%
2014	1,083,331	1,147,449	64,118	9,124,324	12.6%
2013	1,108,457	1,130,478	22,021	8,958,441	12.6%
2012	1,119,643	1,342,122	222,479	9,071,534	14.8%
2011	1,171,692	1,471,967	300,275	9,342,487	15.8%
2010	1,163,837	1,010,472	(153,365)	8,843,202	11.4%
2009	937,874	944,785	6,911	8,332,324	11.3%
2008	869,139	890,080	20,941	7,899,350	11.3%

Town of Stonington, Connecticut

Employees' Pension Plan

Notes to Required Supplementary Information
Last Four Years

Changes of benefit terms	None
Changes of assumptions	None
Method and assumptions used in calculations of actuarially determined contribution	Actuarial valuations are performed July 1 of each year to determine the contribution for the following plan year.

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	20 years - open
Asset Valuation Method	Fair value, adjusted to phase in gains and losses over a five-year period at a rate of 20% per year
Inflation	2.75%
Salary Increases	Graded schedule based on age ranging from 2.75% to 6.25%
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Mortality Rates	Based on RP2000 Mortality Table, separate male and female rates with no collar adjustment, combined tables for non-annuitants and annuitants, projected to the valuation date with Scale AA

Town of Stonington, Connecticut
 State Teachers' Retirement System
 Required Supplementary Information
 Last Three Years

Schedule of Proportionate Share of the Net Pension Liability

	2017	2016	2015
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with Town	<u>59,130,448</u>	<u>45,293,369</u>	<u>41,864,643</u>
Total	<u>\$ 59,130,448</u>	<u>\$ 45,293,369</u>	<u>\$ 41,864,643</u>
Town's covered payroll	(2) <u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Schedule of Contributions

	2017	2016	2015
Contractually required contribution (1)	(1) \$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	(2) <u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net pension liability

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut

State Teachers' Retirement System

Notes to Required Supplementary Information
Last Three Years

Changes of benefit terms	None
Changes of assumptions	<p>2016:</p> <ol style="list-style-type: none"> 1. Reduce the inflation assumption from 3.00% to 2.75%. 2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%. 3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%. 4. Slightly modify the merit portion of the salary scale. 5. Reduce the payroll growth assumption from 3.75% to 3.25%. 6. Update mortality tables to projected versions of the RPH-2014 mortality tables. 7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females. 8. Increase rates of withdrawal. 9. Decrease rates of disability for males.
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	21.4 years
Asset Valuation Method	4 year smoothed market
Inflation	2.75%
Salary Increases	3.25%-6.00%, average, including inflation
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation

Town of Stonington, Connecticut

Connecticut Municipal Employees Retirement System

Required Supplementary Information
Last Three YearsSchedule of Proportionate Share of the Net Pension Liability (Asset)

	2017	2016	2015 (as restated)
Town's proportion of the net pension liability	2.2422%	2.3765%	2.4649%
Town's proportionate share of the net pension liability (asset)	\$ (1,262,985)	\$ (1,999,744)	\$ (2,353,578)
Town's covered payroll	\$ 3,428,033	\$ 3,351,915	\$ 3,215,266
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-(36.84)%	-(59.66)%	-(73.20)%
Plan fiduciary net position as a percentage of the total pension liability	88.29%	92.72%	90.48%

Schedule of Contributions

	2017	2016	2015
Contractually required contribution	\$ 513,519	\$ 494,982	\$ 457,302
Contributions in relation to the contractually required contribution	513,519	494,982	457,302
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered payroll	\$ 3,428,033	\$ 3,351,915	\$ 3,215,266
Contributions as a percentage of covered payroll	14.98%	14.77%	14.22%

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut

Connecticut Municipal Employees Retirement System

Notes to Required Supplementary Information
Last Three Years

Changes of benefit terms	None
Changes of assumptions	In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.
Actuarial Cost Method	Entry age
Amortization Method	Level dollar, closed
Remaining Amortization Period	25 years
Asset Valuation Method	5 year smoothed market (20% recognition of investment gains and losses)
Inflation	3.25%
Salary Increases	4.25%-11.00%, average, including inflation
Cost-of-living Adjustments	After January 1, 2002; 2.5% Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards
Social Security Wage Base	3.50%
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation

Town of Stonington, Connecticut

Other Post-Employment Benefits Plan

Required Supplementary Information
For the Year Ended June 30, 2017Schedule of Changes in Net OPEB Liability

Total OPEB liability:	
Service cost	\$ 143,707
Interest	401,263
Benefit payments, including refunds of member contributions	<u>(371,649)</u>
Net change in total OPEB liability	173,321
Total OPEB liability - July 1	<u>6,459,513</u>
Total OPEB liability - June 30 (a)	<u><u>\$ 6,632,834</u></u>
Plan fiduciary net position:	
Contributions - employer	\$ 461,649
Net investment income (loss)	67,145
Benefit payments, including refunds of member contributions	(371,649)
Administration expenses	<u>(2,000)</u>
Net change in plan fiduciary net position	155,145
Plan fiduciary net position - July 1	<u>1,026,821</u>
Plan fiduciary net position - June 30 (b)	<u>1,181,966</u>
Net OPEB liability (asset) - June 30 (a)-(b)	<u><u>\$ 5,450,868</u></u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of Stonington, Connecticut

Other Post-Employment Benefit Plan

Required Supplementary Information
As of and For the Year Ended June 30, 2017Schedule of Net OPEB Liability

Total OPEB liability	\$ 6,632,834
Plan fiduciary net position	<u>(1,181,966)</u>
Net OPEB liability	<u>\$ 5,450,868</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>17.82%</u>
Covered payroll	<u>\$ 25,305,169</u>
Net OPEB liability as a percentage of covered payroll	<u>21.54%</u>

Schedule of Investment Returns

	<u>2017</u>
Annual money weighted rate of return, net investment expense	<u>7.45%</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Stonington, Connecticut

Other Post-Employment Benefits Plan

Required Supplementary Information
Last Nine YearsSchedule of Contributions

<u>Fiscal year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution excess (deficiency)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2017	\$ 446,489	\$ 461,649	\$ 15,160	\$ 25,305,169	1.82%
2016	431,821	349,443	(82,378)	28,389,610	1.23%
2015	412,037	327,071	(84,966)	28,389,610	1.15%
2014	731,000	694,000	(37,000)	26,065,000	2.66%
2013	699,000	668,000	(31,000)	26,065,000	2.56%
2012	729,000	1,070,000	341,000	N/A	N/A
2011	698,000	671,000	(27,000)	N/A	N/A
2010	687,000	603,000	(84,000)	N/A	N/A
2009	658,000	568,000	(90,000)	N/A	N/A

Note: These schedules are intended to present information for 10 years. Additional years will be presented as the information available.

N/A - Information is not available.

Town of Stonington, Connecticut

Other Post-Employment Benefit Plan

**Notes to Required Supplementary Information
Last Two Years**

Changes of benefit terms	None
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Changes of assumptions	None
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The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Projected Unit Credit Cost Method
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Amortization Method	Level percentage
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Remaining Amortization Period	30 years closed
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Investment Rate of Return	6.25%
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Healthcare Inflation Rate	6.26% - 4.60% - over 78 years
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Inflation Rate	2.70%
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Mortality Rates	Mortality rates were based on the RP-2014 adjusted to 2006 with generational mortality improvement to current year under Projection Scale MP-2015.
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Town of Stonington, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Property taxes:				
Current levy	\$ 57,437,713	\$ 57,437,713	\$ 57,756,056	\$ 318,343
Prior year taxes	450,000	450,000	674,439	224,439
Motor vehicle supplement	250,000	250,000	424,997	174,997
Interest and lien fees	225,000	225,000	314,419	89,419
Telephone access line	54,000	54,000	63,329	9,329
Total property taxes	58,416,713	58,416,713	59,233,240	816,527
Intergovernmental:				
Intergovernmental revenues - State grants for education:				
Education cost sharing grant	1,950,000	1,950,000	1,645,300	(304,700)
Transportation	22,000	22,000	-	(22,000)
Nonpublic services	2,500	2,500	-	(2,500)
Nonpublic health services	8,000	8,000	8,061	61
Total intergovernmental revenues - State grants for education	1,982,500	1,982,500	1,653,361	(329,139)
State grants for reimbursement on revenue loss:				
Reimbursement disabled	-	-	1,602	1,602
Veterans' exemption	16,000	16,000	15,736	(264)
Tax relief for elderly	120,000	120,000	106,761	(13,239)
Municipal revenue sharing	95,000	95,000	303,220	208,220
Grant proceeds - Federal	-	-	967	967
Mashantucket Pequot grant	30,000	30,000	33,057	3,057
Total state grants for reimbursement on revenue loss	261,000	261,000	461,343	200,343
State grants for other purposes:				
Parking ticket surcharge	10,000	10,000	10,168	168
Youth services	15,000	15,000	18,011	3,011
Civil preparedness	8,000	8,000	9,253	1,253
Total state grants for other purposes	33,000	33,000	37,432	4,432
Total intergovernmental	2,276,500	2,276,500	2,152,136	(124,364)
Charges for services:				
Town hall bags	450,000	450,000	439,663	(10,337)
Solid waste disposal fees	1,000,000	1,000,000	1,014,067	14,067
SCRRRA transportation	85,000	85,000	92,245	7,245
Landfill recycling	25,000	25,000	46,478	21,478
Tipping fees	120,000	120,000	134,322	14,322
Building rental/miscellaneous	1,000	1,000	3,450	2,450
Tuition other Town	24,000	24,000	19,152	(4,848)
Miscellaneous revenue	10,000	10,000	52,881	42,881
Accident reports	1,000	1,000	1,857	857
Data processing revenue	23,000	23,000	19,623	(3,377)
In lieu of taxes housing authority	5,000	5,000	2,573	(2,427)
Payment in lieu of taxes	-	-	11,903	11,903
Mystic upgrade d/s offset	17,000	17,000	16,915	(85)
GIS revenues	800	800	586	(214)
Utility billing revenue offset	12,000	12,000	12,000	-
Vehicle use outside jobs	47,500	47,500	78,288	30,788
Admin / miscellaneous fees	11,500	11,500	14,783	3,283
Total charges for services	1,832,800	1,832,800	1,960,786	127,986

(Continued)

Supplemental Schedules

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, highway, sanitation and waste removal, human services, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

Town of Stonington, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Licenses and permits:				
Building permits	\$ 250,000	\$ 250,000	\$ 246,394	\$ (3,606)
Business licenses	15,000	15,000	12,475	(2,525)
Conveyance taxes	260,000	260,000	384,131	124,131
Town clerk's fees	160,000	160,000	265,212	105,212
Miscellaneous permit	3,500	3,500	3,900	400
Alarm registration	6,500	6,500	5,740	(760)
Wetlands permits	2,500	2,500	950	(1,550)
P & Z and zoning board fees	60,000	60,000	60,942	942
Total licenses and permits	757,500	757,500	979,744	222,244
Fines and forfeits:				
Parking fines	4,000	4,000	5,775	1,775
Alarm penalties	3,000	3,000	1,475	(1,525)
Total fines and forfeits	7,000	7,000	7,250	250
Grand total charges for services	2,597,300	2,597,300	2,947,780	350,480
Revenues from use of Town money and property:				
Interest income	55,000	55,000	74,377	19,377
Rental	52,000	52,000	54,156	2,156
Loan repayment SNEFLA	12,500	12,500	12,500	-
Total revenues from use of Town money and property	119,500	119,500	141,033	21,533
Total revenues	63,410,013	63,410,013	64,474,189	1,064,176
Other financing sources:				
Appropriation of fund balance	550,000	809,864	-	(809,864)
Cancellation of prior year encumbrances	8,000	8,000	55,235	47,235
Transfers in - sewer assessment fund	45,000	45,000	45,000	-
Total other financing sources	603,000	862,864	100,235	(762,629)
Total - revenues and other financing sources	\$ 64,013,013	\$ 64,272,877	\$ 64,574,424	\$ 301,547

(Concluded)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>Department of First Selectman</u>				
Office of Selectman:				
First selectman	\$ 87,150	\$ 89,416	\$ 89,416	\$ -
Second selectman	11,316	11,610	11,610	-
Third selectman	11,316	11,610	11,610	-
Town attorney	50,000	50,000	50,000	-
Grant writer	15,000	15,000	-	15,000
Examination of indices	2,500	2,500	1,875	625
Mosquito abatement	30,000	30,000	28,501	1,499
Legal services and courts	40,000	40,000	38,799	1,201
Professional associations and publications	1,000	1,000	-	1,000
Town wide	20,000	14,000	9,729	4,271
	<u>268,282</u>	<u>265,136</u>	<u>241,540</u>	<u>23,596</u>
Total Office of Selectman				
Programs and agencies:				
S.E.A.T.	8,793	8,793	8,793	-
Secter	6,166	6,166	6,166	-
CT Conference of Municipalities	12,143	12,143	12,032	111
Southeastern CT Council of Government	9,689	9,689	9,689	-
Mystic river park public restrooms	10,609	10,609	10,609	-
CT council of small towns	1,025	1,025	1,025	-
Affordable housing committee	1,000	475	-	475
Probate court occupancy	-	14,066	13,027	1,039
Probate court	6,301	6,301	6,301	-
	<u>55,726</u>	<u>69,267</u>	<u>67,642</u>	<u>1,625</u>
Total programs and agencies				
Waterfront commission:				
Clerical services	1,000	1,000	1,000	-
Postage	75	75	-	75
Consumable supplies	25	25	21	4
Miscellaneous	75	75	-	75
	<u>1,175</u>	<u>1,175</u>	<u>1,021</u>	<u>154</u>
Total waterfront commission				
Pawcatuck River Harbor management:				
Clerical services	990	990	-	990
Postage	100	100	-	100
Advertising	100	100	-	100
Consumable supplies	100	100	-	100
Reproduction and printing	100	100	-	100
Miscellaneous	100	100	-	100
	<u>1,490</u>	<u>1,490</u>	<u>-</u>	<u>1,490</u>
Total Pawcatuck River Harbor management				
Shellfish commission:				
Expenses	50	50	-	50
Economic development commission:				
Postage	200	200	-	200
Advertising	920	920	-	920
Consumable supplies	150	150	127	23
Travel	500	500	-	500
Professional association and publication	1,000	1,000	775	225
	<u>2,770</u>	<u>2,770</u>	<u>902</u>	<u>1,868</u>
Total economic development commission				

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Emergency management:				
Emergency management director	\$ 12,550	\$ 12,877	\$ 12,876	\$ 1
Clerical salaries	1,818	1,873	1,873	-
Consumable supplies	250	243	219	24
Equipment	4,500	4,500	-	4,500
Development of emergency plan	1	1	-	1
Miscellaneous	100	100	-	100
Furniture and equipment	750	750	-	750
Generator maintenance	1	1	-	1
Water testing	400	400	-	400
Communications	1	1	-	1
Mass notification system	5,000	5,000	4,860	140
	<u>25,371</u>	<u>25,746</u>	<u>19,828</u>	<u>5,918</u>
Total emergency management				
Elections:				
Referenda/election personnel	60,000	55,935	28,277	27,658
Registrars' salaries	34,533	37,826	37,826	-
Postage	5,000	5,000	3,863	1,137
Advertising	1,000	1,000	57	943
Consumable supplies	1,500	1,500	967	533
Telephone	4,000	4,000	2,039	1,961
Equipment	2,000	2,000	668	1,332
Reproduction and printing	500	500	140	360
Professional associations and publications	500	570	570	-
Voting canvas	1,000	1,000	207	793
Miscellaneous	1,000	1,000	413	587
Ballot printing / programming	15,000	15,000	6,024	8,976
Furniture and equipment	1,000	1,000	416	584
Training and education	-	1,600	1,600	-
Voting machine	3,000	3,000	2,200	800
	<u>130,033</u>	<u>130,931</u>	<u>85,267</u>	<u>45,664</u>
Total elections				
Town clerk:				
Salary of Town clerk	75,000	76,950	76,950	-
Clerical salaries	95,077	98,195	98,195	-
Longevity	5,220	5,220	5,220	-
Postage	1,500	1,500	1,500	-
Advertising	4,211	3,488	1,525	1,963
Consumable supplies	3,000	3,000	2,804	196
Telephone	475	475	455	20
Equipment	3,000	3,000	2,882	118
Professional associations and publications	150	200	200	-
Training and education	1,500	1,500	1,040	460
Land records and data processing	30,000	30,000	21,840	8,160
Vital statistics	450	477	477	-
	<u>219,583</u>	<u>224,005</u>	<u>213,088</u>	<u>10,917</u>
Total Town clerk				
Town meeting and referenda:				
Town meeting personnel	200	200	100	100
Advertising	6,000	6,000	4,326	1,674
	<u>6,200</u>	<u>6,200</u>	<u>4,426</u>	<u>1,774</u>
Total Town meeting and referenda				
Payment/other civil divisions:				
Borough of Stonington	197,370	197,370	197,370	-
	<u>908,050</u>	<u>924,140</u>	<u>831,084</u>	<u>93,056</u>
Total Department of First Selectman				

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>Department of administrative services:</u>				
Administration:				
Director of administrative services	\$ 90,000	\$ 92,340	\$ 92,340	\$ -
Administrative support staff	170,380	176,710	174,457	2,253
Longevity	4,080	4,080	4,080	-
Postage	1,000	1,000	664	336
Advertising	12,500	12,500	7,082	5,418
Consumable supplies	1,700	5,020	5,020	-
Reproduction and printing	800	2,091	2,091	-
Telephone	250	250	178	72
Equipment	5,400	5,400	2,482	2,918
Professional associations and publications	3,500	3,500	1,721	1,779
Seminars and programs	700	700	-	700
Database expenses	7,500	7,500	5,900	1,600
Miscellaneous	700	700	239	461
Furniture and equipment	1,500	1,985	1,985	-
Training and education	2,250	2,250	899	1,351
Technical and professional services	7,500	2,404	-	2,404
Memorial observances	7,500	7,500	6,850	650
Columbus day observances	5,000	5,000	5,000	-
Total administration	322,260	330,930	310,988	19,942
Information systems:				
IT manager	84,235	87,437	87,437	-
Technology support specialist	58,320	60,586	60,586	-
Longevity	650	650	650	-
Postage	200	200	52	148
Consumable supplies	1,500	1,500	1,493	7
Reproduction and printing	50	50	-	50
Telephone	1,500	1,500	1,325	175
Professional associations and publications	250	250	235	15
Equipment and licensing	46,770	46,770	45,350	1,420
Internet hosting expense	7,500	5,738	5,676	62
Miscellaneous	50	50	30	20
Training and education	3,000	3,000	1,198	1,802
GIS	30,000	30,000	29,982	18
Telecommunications	61,000	61,000	60,357	643
Technical assistance	5,000	5,000	4,825	175
Total information systems	300,025	303,731	299,196	4,535
Human resources:				
Employee training/education	9,000	9,000	5,993	3,007
Labor negotiations	456,328	112,239	110,665	1,574
Labor Counsel	80,000	80,000	80,000	-
Pension plan-DB	475,000	490,000	490,000	-
Pension plan-DC 401A	68,000	83,533	83,533	-
Social security	508,500	525,416	473,871	51,545
Unemployment	30,000	30,780	14,269	16,511
Heart and hypertension	37,000	28,491	6,230	22,261
Employee assistance program	2,750	2,750	1,725	1,025
Employee screening	1,500	1,500	589	911
Additional manpower	5,000	5,000	3,650	1,350
Employee travel expense	24,000	24,000	19,526	4,474
Accrued leave payout	20,000	20,000	16,788	3,212
Retiree health care	85,000	87,200	84,353	2,847
Health insurance	1,595,505	1,595,505	1,555,333	40,172
Life insurance	23,000	23,000	22,512	488
Rx eyewear reimbursement	3,000	3,000	235	2,765
Admin services-professional & technical services	15,000	15,000	7,500	7,500
Total human resources	3,438,583	3,136,414	2,976,772	159,642

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Health officer, sanitation and EMS:				
Health officer salaries	\$ 25,803	\$ 22,291	\$ 22,291	\$ -
Sanitarian salaries	74,595	64,466	64,466	-
Longevity	660	660	660	-
Expenses	1,575	791	761	30
Ledge light health district	-	21,378	7,293	14,085
Clothing allowance	400	400	400	-
Furniture and equipment	500	500	-	500
Training and education	500	500	-	500
Professional Services	6,500	2,157	980	1,177
Total health officer, sanitation and EMS	110,533	113,143	96,851	16,292
Community development:				
Clerical salaries	15,000	15,000	3,528	11,472
Total department of administrative services	4,186,401	3,899,218	3,687,335	211,883
<u>Finance department:</u>				
Finance office:				
Director of finance	105,000	107,730	107,730	-
Senior accountant	83,606	86,108	86,108	-
Clerical salaries	144,771	148,585	148,263	322
Longevity	3,900	3,900	3,900	-
Postage	2,700	2,700	1,300	1,400
Consumable supplies	3,800	3,800	3,564	236
Reproduction and printing	750	750	626	124
Telephone	150	150	106	44
Professional associations and publication	1,800	1,800	1,643	157
Payroll services	25,000	25,000	21,492	3,508
Equipment and software support	19,500	19,500	19,055	445
Furniture and equipment	100	100	-	100
Training and education	1,000	672	250	422
Finance - tech & prof	4,000	4,000	3,450	550
Total finance office	396,077	404,795	397,487	7,308
Board of Assessment Appeals:				
Expenses	1,450	1,645	1,641	4
Office of the treasurer:				
Salary of treasurer	4,024	4,129	4,129	-
Expenses	100	100	-	100
Total office of the treasurer	4,124	4,229	4,129	100
Office of the tax collector:				
Salary of tax collector	72,500	74,385	74,385	-
Clerical salaries	96,005	98,501	97,686	815
Longevity	350	350	350	-
Postage	15,086	15,086	13,732	1,354
Advertising	1,500	1,500	13	1,487
Consumable supplies	1,301	1,301	903	398
Reproduction and printing	7,075	7,075	7,066	9
Telephone	209	209	89	120
Equipment	1,000	1,000	410	590
Professional associations and publications	150	150	125	25
Miscellaneous	100	100	33	67
Equipment and software support	7,140	7,140	6,950	190
Furniture and Equipment	1	1	-	1
Training and education	1,000	1,000	1,000	-
Total office of the tax collector	203,417	207,798	202,742	5,056

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Board of Finance:				
Clerical salaries	\$ 3,200	\$ 3,200	\$ 2,850	\$ 350
Postage	100	425	425	-
Advertising	270	729	729	-
Consumable supplies	200	200	49	151
Professional services	12,000	12,000	12,000	-
Legal support	50,000	39,184	39,184	-
Accounting and auditing	59,000	65,000	65,000	-
Special audit	5,000	5,000	5,000	-
GASB 45	90,000	90,000	90,000	-
Total Board of Finance	219,770	215,738	215,237	501
Risk management:				
Risk management stipend	6,000	6,156	6,156	-
Property and liability insurance	681,700	698,284	697,064	1,220
Claims and damages	10,000	10,000	9,684	316
Dog damages	1	1	-	1
Flood plain remediation	-	15,000	15,000	-
Safety program	2,200	2,200	22	2,178
Total risk management	699,901	731,641	727,926	3,715
Assessor's office:				
Salary of assessor	90,005	-	-	-
Assistant assessor	67,510	-	-	-
Director of assessment	-	92,345	92,345	-
Deputy assessor	-	69,560	69,560	-
Clerical salaries	96,150	98,650	95,730	2,920
Longevity	3,900	3,900	3,900	-
Postage	2,300	2,300	1,799	501
Consumable supplies	2,500	1,891	1,454	437
Reproduction and printing	1,700	1,700	1,630	70
Telephone	250	250	96	154
Equipment	1,779	1,779	1,497	282
Professional associations and publications	2,825	2,944	2,944	-
Database expenses	15,155	15,155	14,530	625
Miscellaneous	1,400	1,400	656	744
Clothing allowance	400	400	400	-
Furniture and equipment	1	1	-	1
Training and education	2,010	2,010	2,009	1
Special audit personal property	3,200	3,200	3,200	-
Total assessor's office	291,085	297,485	291,750	5,735
Total finance department	1,815,824	1,863,331	1,840,912	22,419
<u>Debt service:</u>				
Debt service interest:				
Series 1998 clean water (mys)	1,504	1,504	1,503	1
Series 2000 clean water (mys)	1,590	1,590	1,590	-
Series 2009 refunding	96,125	96,125	96,125	-
Series 2012 refunding	490,857	490,857	490,856	1
Series 2012 G.O. bonds (wpca)	328,500	328,500	328,500	-
Series 2013 G.O. bonds	129,713	129,713	129,713	-
Series 2014 G.O. bonds	237,900	237,900	237,900	-
Total debt service interest	1,286,189	1,286,189	1,286,187	2

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Debt service principal:				
Series 1998 clean water (mys)	\$ 75,155	\$ 75,155	\$ 75,154	\$ 1
Series 2000 clean water (mys)	78,756	78,756	78,756	-
Series 2009 refunding	700,000	700,000	700,000	-
Series 2012 refunding	1,630,000	1,630,000	1,630,000	-
Series 2012 G.O. bonds (wpca)	600,000	600,000	600,000	-
Series 2013 G.O. bonds	215,000	215,000	215,000	-
Series 2014 G.O bonds	415,000	415,000	415,000	-
Bonding costs	6,000	6,000	4,515	1,485
Total debt service principal	3,719,911	3,719,911	3,718,425	1,486
Total debt service	5,006,100	5,006,100	5,004,612	1,488
Department of planning:				
Planning office;				
Director of planning	100,000	102,600	102,600	-
Planner	78,380	80,727	80,727	-
Zoning enforcement officer	29,697	-	-	-
Inland wetland enforcement officer	29,697	-	-	-
Zoning & wetlands officer	-	61,679	61,679	-
Clerical salaries	85,771	88,661	88,661	-
Clerical meeting	5,500	5,500	3,100	2,400
Longevity	1,380	1,380	1,380	-
Consumable supplies	2,300	2,300	1,136	1,164
Reproduction and printing	4,800	1,011	1,011	-
Telephone	400	400	83	317
Equipment	3,200	3,983	3,983	-
Professional associations and publications	1,000	1,719	1,719	-
Clothing allowance	200	400	400	-
Furniture and equipment	1,000	596	-	596
Training and education	1,500	1,615	1,615	-
Professional services	-	1,170	1,170	-
Total planning office	344,825	353,741	349,264	4,477
Planning and zoning commission:				
Postage	7,500	2,783	59	2,724
Advertising and court steno	15,000	19,717	19,717	-
Total planning and zoning commission	22,500	22,500	19,776	2,724
Zoning board of appeals:				
Postage	1,450	1,450	-	1,450
Advertising	7,500	7,500	5,632	1,868
Total zoning board of appeals	8,950	8,950	5,632	3,318
Conservation commission:				
Professional associations and publication	600	600	600	-
Barn island field trips	3,500	4,506	4,506	-
Total conservation commission	4,100	5,106	5,106	-
Inland wetlands commission:				
Postage	500	19	-	19
Advertising	2,400	2,400	1,162	1,238
Total inland wetlands commission	2,900	2,419	1,162	1,257

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Climate change task force:				
Clerical meetings	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Seminars and programs (training and education)	500	500	25	475
Professional services	2,000	2,000	-	2,000
Total climate change task force	3,500	3,500	25	3,475
Total department of planning	386,775	396,216	380,965	15,251
<u>Department of public works:</u>				
Highway department:				
Public works director	94,372	96,826	96,826	-
Labor salaries	1,117,408	1,136,461	1,107,210	29,251
Highway supervisor	70,805	72,646	72,541	105
Clerical salaries	23,770	24,830	24,830	-
Longevity	23,460	23,460	21,210	2,250
Postage	750	750	133	617
Consumable supplies	2,325	2,325	1,781	544
Telephone	500	548	548	-
Hardware	15,000	15,000	14,990	10
Miscellaneous	1,350	1,847	1,847	-
Clothing allowance	9,800	9,800	9,120	680
Training and education	3,500	9,500	8,986	514
Safety and protective	14,000	14,000	13,521	479
Land damage	1,600	2,186	2,186	-
Sidewalk repairs	65,000	30,000	29,553	447
Street signs	4,500	5,500	4,686	814
Tree trimming	12,000	6,000	5,330	670
Tree removal	16,000	22,000	15,262	6,738
Highway equipment	12,250	12,250	12,076	174
Road maintenance	10,000	10,000	9,807	193
Material disposal	25,000	17,534	17,534	-
Cemetery upkeep	1,000	1,000	750	250
Catch basin cleaning	24,000	22,972	22,972	-
Garage diagnostic equipment and tools	3,000	3,000	2,987	13
Leaf program	5,000	7,435	7,435	-
Unleaded gasoline	10,000	5,000	4,708	292
Diesel fuel	50,000	50,000	37,223	12,777
Oil and lubrication	5,500	5,500	5,244	256
Repairs and maintenance (gas system)	4,000	4,000	2,307	1,693
Repairs and maintenance	125,000	147,548	145,670	1,878
Miscellaneous materials	1,250	1,250	1,152	98
Bituminous concrete	30,000	30,000	25,043	4,957
Drainage materials	20,000	13,000	11,291	1,709
Sand and gravel	25,600	15,600	14,754	846
Lumber	7,500	7,500	4,952	2,548
Pavement treatments	200,000	200,000	199,981	19
Annual fertilization program	34,000	34,000	32,157	1,843
Seasonal help	31,000	28,000	13,971	14,029
Materials, equipment, maintenance	27,000	27,000	26,977	23
Field work	15,000	15,000	13,627	1,373
Snow removal labor	120,000	124,540	124,540	-
Materials	131,000	151,853	148,910	2,943
Meal allowance	4,900	3,605	3,605	-
Total highway department	2,398,140	2,411,266	2,320,233	91,033

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Sanitation and waste removal:				
Salary of recycling/solid waste manager	\$ 82,726	\$ 85,203	\$ 85,203	\$ -
General labor	356,911	355,423	351,871	3,552
Clerical salaries	43,592	44,725	43,920	805
Longevity	5,620	5,620	5,620	-
Postage	3,000	3,000	3,000	-
Advertising	300	300	-	300
Consumable supplies	1,000	1,599	1,599	-
Reproduction and printing	500	500	479	21
Equipment	100	100	-	100
Professional associations and publications	200	200	150	50
Clothing allowance	3,100	3,100	3,100	-
Training and education	500	500	-	500
Unleaded gasoline	5,500	5,500	2,652	2,848
Diesel fuel	11,000	11,000	5,510	5,490
Road maintenance	2,000	2,105	2,105	-
Utilities	6,500	6,500	5,632	868
General operations	52,000	50,762	48,802	1,960
Parts and labor	30,000	30,000	20,064	9,936
Grading and seeding	500	500	60	440
Water testing and monitoring	24,000	24,000	20,450	3,550
Cap maintenance	5,000	5,000	-	5,000
Disposal fees (SCRRA)	738,000	738,000	693,632	44,368
Residential collection (SCRRA)	500,000	500,000	479,834	20,166
Commission coll and rentals (SCRRA)	510,000	510,000	497,629	12,371
SCRRA consulting	1	1	-	1
SCRRA contribution	1	1	-	1
Diesel fuel (SCRRA)	14,000	14,000	8,678	5,322
Repairs and maintenance (SCRRA)	7,500	7,708	7,708	-
SCRRA receptacle costs	100,000	100,000	89,825	10,175
Furniture and equipment	1	1	-	1
Total sanitation and waste removal	2,503,552	2,505,348	2,377,523	127,825
Engineering services:				
Town engineer	80,024	82,825	82,825	-
Flood plain manager	2,000	2,060	2,060	-
Phase II storm water	1,000	1,001	1,001	-
Community rating system	3,500	3,297	3,297	-
Expenses	2,500	2,864	2,864	-
Clothing allowance	400	400	400	-
Prof services	30,000	29,683	29,683	-
Total engineering services	119,424	122,130	122,130	-
Operation and maintenance Town building/property:				
Janitorial/maintenance salary	56,787	60,690	59,441	1,249
Longevity	600	600	600	-
Miscellaneous	2,000	2,000	275	1,725
Heating oil	54,700	36,700	33,928	2,772
Electricity	137,950	121,950	116,100	5,850
Water	6,600	7,100	6,088	1,012
Sewer use	2,650	2,650	2,020	630
General maintenance	147,850	227,889	219,496	8,393
Mystic river boat house	-	5,300	4,992	308
Street lighting	247,000	247,000	244,077	2,923
Total operation and maintenance Town building/property	656,137	711,879	687,017	24,862

(Continued)

Town of Stonington, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Retirement fund	\$ 515,047	\$ 483,591	\$ 482,093	\$ 1,498
Physicals	7,000	7,000	4,410	2,590
Educational incentive	3,000	3,000	431	2,569
Regular officers - uniforms	26,250	26,250	26,173	77
Special officers - uniforms	1,000	2,415	2,415	-
Outfitting new officers	6,000	15,352	15,352	-
Service officer's equipment	1,500	1,500	858	642
Boating safety expenses	13,000	13,000	10,812	2,188
Building maintenance	24,000	41,332	41,332	-
Maintenance/operations/radios	6,500	12,812	12,812	-
Traffic signs and signals	44,000	44,000	40,842	3,158
Law enforcement council	12,744	12,744	12,744	-
Drug program	5,500	5,500	5,026	474
Postage	180	180	-	180
Advertising	370	370	-	370
Consumable supplies	300	300	195	105
Miscellaneous	750	1,315	1,315	-
Consumable supplies	7,000	9,502	9,502	-
Miscellaneous	1,000	1,000	973	27
Training	18,000	21,157	21,157	-
Telephone	600	600	507	93
Clothing allowance	1,000	1,000	795	205
Professional services	3,500	3,500	1,127	2,373
Building maintenance	2,500	2,500	1,107	1,393
Equipment (emergency vehicles)	6,000	6,000	5,220	780
Unleaded gasoline	61,500	61,737	61,737	-
Oil and lubrication	3,000	3,226	3,226	-
Parts and labor	39,000	39,000	35,421	3,579
Tires	6,500	6,500	6,413	87
Total public safety	5,061,896	5,210,645	4,905,808	304,837
<u>Department of human services:</u>				
Office of human services:				
Human services director	75,111	77,064	77,064	-
Social services administrator	71,064	73,192	73,192	-
Youth and family services administrator	53,030	54,780	54,780	-
Youth services program coordinator	48,920	48,656	24,276	24,380
Counseling services	36,000	36,572	36,572	-
Clerical salaries	77,223	79,443	79,443	-
Longevity	2,690	2,790	2,790	-
Postage	1,500	1,500	1,472	28
Consumable supplies	1,500	1,500	1,457	43
Telephone	2,200	2,200	2,151	49
Equipment	4,500	2,668	1,767	901
Reproduction and printing	3,750	4,761	4,761	-
Professional associations and publications	1,100	1,673	1,673	-
Youth and family services program	7,800	7,800	7,784	16
General assistance	30,000	30,248	30,248	-
Furniture and equipment	1,700	1,700	1,304	396
Training and education	1,000	1,000	540	460
Total office of human services	419,088	427,547	401,274	26,273
Commission on aging:				
Postage	1,500	1,500	1,500	-
Reproduction and printing	1,100	1,100	1,100	-
Program expense	2,200	2,200	1,858	342
Total commission on aging	4,800	4,800	4,458	342

(Continued)

Town of Stonington, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Recreation:				
Salary of director	\$ 58,320	\$ 59,836	\$ 59,118	\$ 718
Officials and instructors	21,159	21,132	21,084	48
Consumable supplies	3,050	2,415	2,415	-
Telephone	200	-	-	-
Program expense	5,000	8,086	8,086	-
Equipment and trophies	3,200	2,671	2,671	-
Parts and labor	4,500	2,805	2,805	-
Utilities	3,000	3,000	3,000	-
Professional association / training	400	400	400	-
Total recreation	98,829	100,345	99,579	766
Housing Authority:				
Clerical salaries	700	700	-	700
Libraries:				
Westerly public library	93,000	93,000	93,000	-
Stonington free library	147,000	147,000	147,000	-
Mystic and Noank library	86,500	86,500	86,500	-
Stonington historical society	3,000	3,000	3,000	-
Total libraries	329,500	329,500	329,500	-
Outside agencies:				
Westerly Pops Concert	2,000	2,000	2,000	-
Public health and nursing	27,000	27,000	27,000	-
Pawcatuck neighborhood center	180,000	180,000	180,000	-
Como senior citizens center	50,000	50,000	50,000	-
Mystic area shelter and hospital	4,000	4,000	4,000	-
Westerly area rest and meal	6,000	6,000	6,000	-
Westerly adult day services	8,000	8,000	8,000	-
Community vocational services	4,000	4,000	4,000	-
T.V.C.C.A.	1,000	1,000	1,000	-
Stonington prevention council	500	500	500	-
Safe futures, inc.	2,000	2,000	2,000	-
New London homeless hospitality	1,500	1,500	1,500	-
Sexual Assault Crises Center	500	500	500	-
New England Science & Sailing	4,000	4,000	4,000	-
Total outside agencies	290,500	290,500	290,500	-
Ambulances:				
Stonington ambulance	35,000	35,000	35,000	-
Mystic river ambulance	35,000	35,000	35,000	-
Westerly ambulance	35,000	35,000	35,000	-
Fire department dispatch	36,000	36,000	32,311	3,689
Total ambulances	141,000	141,000	137,311	3,689
Total department of human services	1,284,417	1,294,392	1,262,622	31,770
Board of Education	36,045,407	36,045,407	35,991,573	53,834
Total expenditures	60,671,019	60,710,085	59,702,326	1,007,759
Other financing uses:				
Transfers out:				
Capital nonrecurring	2,820,280	3,041,078	3,041,078	-
Sewer usage fund	300,000	300,000	300,000	-
Miscellaneous fund	221,714	221,714	221,714	-
Total other financing uses	3,341,994	3,562,792	3,562,792	-
Total expenditures and other financing uses	\$ 64,013,013	\$ 64,272,877	\$ 63,265,118	\$ 1,007,759

(Concluded)

Town of Stonington, Connecticut
Report of Tax Collector
For the Year Ended June 30, 2017

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Grand List Year	Uncollected Taxes July 1, 2016	Current Levy	Lawful Corrections		Transfers to Suspense	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2017
			Additions	Deductions			Taxes	Interest and Liens	Total	
Suspense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2003	32	-	-	-	(32)	-	-	-	-	-
2004	101	-	-	-	(101)	-	-	-	-	-
2005	104	-	-	-	(104)	-	-	-	-	-
2006	109	-	-	-	(109)	-	-	-	-	-
2007	136	-	-	-	(136)	-	-	-	-	-
2008	835	-	-	-	(136)	699	699	495	1,194	-
2009	3,087	-	-	-	(220)	2,867	2,867	2,991	5,858	-
2010	3,253	-	-	94	(355)	2,804	2,804	2,511	5,315	-
2011	4,370	-	95	254	(1,257)	2,954	2,780	2,012	4,792	174
2012	12,503	-	119	320	(2,666)	9,636	4,973	1,715	6,688	4,663
2013	38,075	-	4,431	2,288	(14,758)	25,460	17,055	4,844	21,899	8,405
2014	<u>709,735</u>	-	<u>8,601</u>	<u>14,341</u>	<u>(37,612)</u>	<u>666,383</u>	<u>625,772</u>	<u>97,005</u>	<u>722,777</u>	<u>40,611</u>
Total Prior Years	772,340	-	13,246	17,297	(57,486)	710,803	656,950	111,573	768,523	53,853
2015	-	<u>58,891,238</u>	<u>112,289</u>	<u>163,463</u>	<u>(48,702)</u>	<u>58,791,362</u>	<u>58,263,288</u>	<u>191,035</u>	<u>58,454,323</u>	<u>528,074</u>
Totals	<u>\$ 772,340</u>	<u>\$ 58,891,238</u>	<u>\$ 125,535</u>	<u>\$ 180,760</u>	<u>\$ (106,188)</u>	<u>\$ 59,502,165</u>	<u>\$ 58,920,238</u>	<u>\$ 302,608</u>	<u>\$ 59,222,846</u>	<u>\$ 581,927</u>

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital assets other than those financed by proprietary and trust funds.

Town of Stonington, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds						
	Sewer Assessment Fund	Shellfish Fund	Town Aid Road Fund	Dog License Fund	SNEFLA Reserve Fund	Youth Service Activity Fund	Community Development Block Grant
<u>Assets</u>							
Cash	\$ 94,170	\$ 32,505	\$ -	\$ 16,479	\$ 169,831	\$ 272,497	\$ 2,314
Receivables:							
Loans	-	-	-	-	-	-	224,200
Assessments/use charges	1,657	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Other	-	-	-	-	-	451	-
Due from other funds	-	-	410,392	10,750	-	1,028	-
Total assets	<u>\$ 95,827</u>	<u>\$ 32,505</u>	<u>\$ 410,392</u>	<u>\$ 27,229</u>	<u>\$ 169,831</u>	<u>\$ 273,976</u>	<u>\$ 226,514</u>
<u>Liabilities</u>							
Accounts payable	\$ -	\$ 367	\$ -	\$ 11,088	\$ -	\$ 3,733	\$ 4,625
Retainage payable	-	-	-	-	-	-	-
Due to other funds	-	891	-	-	-	27,584	20
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>1,258</u>	<u>-</u>	<u>11,088</u>	<u>-</u>	<u>31,317</u>	<u>4,645</u>
<u>Deferred Inflows of Resources</u>							
Unavailable revenue-sewer charges and assessments	1,657	-	-	-	-	-	-
Unavailable revenue-loans receivable	-	-	-	-	-	-	224,200
Total deferred inflows of resources	<u>1,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,200</u>
<u>Fund Balances</u>							
Restricted	94,170	-	410,392	-	-	-	-
Committed	-	31,247	-	-	169,831	-	-
Assigned	-	-	-	16,141	-	242,659	-
Unassigned	-	-	-	-	-	-	(2,331)
Total fund balances	<u>94,170</u>	<u>31,247</u>	<u>410,392</u>	<u>16,141</u>	<u>169,831</u>	<u>242,659</u>	<u>(2,331)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 95,827</u>	<u>\$ 32,505</u>	<u>\$ 410,392</u>	<u>\$ 27,229</u>	<u>\$ 169,831</u>	<u>\$ 273,976</u>	<u>\$ 226,514</u>

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds						
	Planning And Development Grant Fund	Recreation Commission Fund	Sewer Infiltration Fund	Sewer Development and Maintenance Fund	Human Services Grant	Prepaid Education Grants Fund	Hot Lunch Program
<u>Assets</u>							
Cash	\$ -	\$ 185,002	\$ 31,199	\$ 1,005,019	\$ -	\$ 261,898	\$ 8,586
Receivables:							
Loans	-	-	-	-	-	-	-
Assessments/use charges	-	-	-	-	-	-	-
Intergovernmental	12,058	-	-	-	-	4,325	45,375
Other	-	215	-	-	-	-	-
Due from other funds	96,828	13,599	-	-	40,727	-	-
Total assets	<u>\$ 108,886</u>	<u>\$ 198,816</u>	<u>\$ 31,199</u>	<u>\$ 1,005,019</u>	<u>\$ 40,727</u>	<u>\$ 266,223</u>	<u>\$ 53,961</u>
<u>Liabilities</u>							
Accounts payable	\$ 2,193	\$ 3,682	\$ -	\$ -	\$ 1,668	\$ 6,095	\$ -
Retainage payable	-	-	-	-	-	-	-
Due to other funds	-	19,121	-	-	2,018	198,456	3,519
Unearned revenue	-	-	-	-	28,092	56,998	11,262
Total liabilities	<u>2,193</u>	<u>22,803</u>	<u>-</u>	<u>-</u>	<u>31,778</u>	<u>261,549</u>	<u>14,781</u>
<u>Deferred Inflows of Resources</u>							
Unavailable revenue-sewer charges and assessments	-	-	-	-	-	-	-
Unavailable revenue-loans receivable	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>							
Restricted	-	-	31,199	1,005,019	8,949	4,674	39,180
Committed	-	-	-	-	-	-	-
Assigned	106,693	176,013	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>106,693</u>	<u>176,013</u>	<u>31,199</u>	<u>1,005,019</u>	<u>8,949</u>	<u>4,674</u>	<u>39,180</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 108,886</u>	<u>\$ 198,816</u>	<u>\$ 31,199</u>	<u>\$ 1,005,019</u>	<u>\$ 40,727</u>	<u>\$ 266,223</u>	<u>\$ 53,961</u>

(Continued)

Town of Stonington, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
	Miscellaneous	Total	Capital Nonrecurring	Bonded Capital Projects	
<u>Assets</u>					
Cash	\$ 464,970	\$ 2,544,470	\$ 3,984,835	\$ -	\$ 6,529,305
Receivables (net):					
Loans	-	224,200	-	-	224,200
Assessments/use charges	-	1,657	-	-	1,657
Intergovernmental	4,863	66,621	700,208	-	766,829
Other	45,094	45,760	-	-	45,760
Due from other funds	180,689	754,013	-	1,303,500	2,057,513
Total assets	<u>\$ 695,616</u>	<u>\$ 3,636,721</u>	<u>\$ 4,685,043</u>	<u>\$ 1,303,500</u>	<u>\$ 9,625,264</u>
<u>Liabilities</u>					
Accounts payable	\$ 2,163	\$ 35,614	\$ 238,172	\$ 55,004	\$ 328,790
Retainage payable	-	-	-	148,817	148,817
Due to other funds	51,969	303,578	147,945	-	451,523
Unearned revenue	12,988	109,340	-	-	109,340
Total liabilities	<u>67,120</u>	<u>448,532</u>	<u>386,117</u>	<u>203,821</u>	<u>1,038,470</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenue-sewer charges and assessments	-	1,657	-	-	1,657
Unavailable revenue-loans receivable	-	224,200	-	-	224,200
Total deferred inflows of resources	<u>-</u>	<u>225,857</u>	<u>-</u>	<u>-</u>	<u>225,857</u>
<u>Fund Balances</u>					
Restricted	7,469	1,601,052	-	-	1,601,052
Committed	-	201,078	4,298,926	1,099,679	5,599,683
Assigned	621,027	1,162,533	-	-	1,162,533
Unassigned	-	(2,331)	-	-	(2,331)
Total fund balances	<u>628,496</u>	<u>2,962,332</u>	<u>4,298,926</u>	<u>1,099,679</u>	<u>8,360,937</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 695,616</u>	<u>\$ 3,636,721</u>	<u>\$ 4,685,043</u>	<u>\$ 1,303,500</u>	<u>\$ 9,625,264</u>

(Concluded)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds						
	Planning and Development Grant Fund	Recreation Commission Fund	Sewer Infiltration Fund	Sewer Development and Maintenance Fund	Human Services Grant	Prepaid Education Grants Fund	Hot Lunch Program
Revenues:							
Intergovernmental	\$ 116,521	\$ -	\$ -	\$ -	\$ 35,787	\$ 893,541	\$ 325,575
Charges for services	-	149,830	-	118,488	-	-	471,163
Income from investments	-	302	63	1,965	-	-	-
Other	-	-	-	-	-	10,076	-
Total revenues	<u>116,521</u>	<u>150,132</u>	<u>63</u>	<u>120,453</u>	<u>35,787</u>	<u>903,617</u>	<u>796,738</u>
Expenditures:							
Current:							
General government	113,399	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highway department	-	-	-	-	-	-	-
Human services	-	-	-	-	34,920	-	-
Recreation	-	151,387	-	-	-	-	-
Education	-	-	-	-	-	898,943	816,416
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	2,621	-	-	-
Total expenditures	<u>113,399</u>	<u>151,387</u>	<u>-</u>	<u>2,621</u>	<u>34,920</u>	<u>898,943</u>	<u>816,416</u>
Excess (deficiency) of revenues over expenditures	<u>3,122</u>	<u>(1,255)</u>	<u>63</u>	<u>117,832</u>	<u>867</u>	<u>4,674</u>	<u>(19,678)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,122	(1,255)	63	117,832	867	4,674	(19,678)
Fund balances - July 1, 2016	<u>103,571</u>	<u>177,268</u>	<u>31,136</u>	<u>887,187</u>	<u>8,082</u>	<u>-</u>	<u>58,858</u>
Fund balances - June 30, 2017	<u>\$ 106,693</u>	<u>\$ 176,013</u>	<u>\$ 31,199</u>	<u>\$ 1,005,019</u>	<u>\$ 8,949</u>	<u>\$ 4,674</u>	<u>\$ 39,180</u>

(Continued)

Town of Stonington, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
	Miscellaneous	Total	Capital Nonrecurring	Bonded Capital Projects	
Revenues:					
Intergovernmental	\$ 68,618	\$ 2,469,420	\$ 574,983	\$ -	\$ 3,044,403
Charges for services	305,467	1,189,949	-	-	1,189,949
Income from investments	815	4,046	7,440	-	11,486
Other	5,462	31,877	9,800	-	41,677
Total revenues	380,362	3,695,292	592,223	-	4,287,515
Expenditures:					
Current:					
General government	52,480	176,874	-	-	176,874
Public safety	382,760	389,901	-	-	389,901
Highway department	-	481,103	-	-	481,103
Human services	5,462	776,482	-	-	776,482
Recreation	-	151,387	-	-	151,387
Education	-	1,813,789	-	-	1,813,789
Debt service	-	-	617,429	-	617,429
Capital outlay	-	2,621	3,164,299	2,357,509	5,524,429
Total expenditures	440,702	3,792,157	3,781,728	2,357,509	9,931,394
Excess (deficiency) of revenues over expenditures	(60,340)	(96,865)	(3,189,505)	(2,357,509)	(5,643,879)
Other financing sources (uses):					
Issuance of debt	-	-	-	2,216,164	2,216,164
Capital leases	-	-	1,679,974	-	1,679,974
Transfers in	221,714	221,714	3,041,078	-	3,262,792
Transfers out	-	(45,000)	-	-	(45,000)
Net other financing sources (uses)	221,714	176,714	4,721,052	2,216,164	7,113,930
Net change in fund balances	161,374	79,849	1,531,547	(141,345)	1,470,051
Fund balances - July 1, 2016	467,122	2,882,483	2,767,379	1,241,024	6,890,886
Fund balances - June 30, 2017	\$ 628,496	\$ 2,962,332	\$ 4,298,926	\$ 1,099,679	\$ 8,360,937

(Concluded)

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

Private-Purpose Trust Funds

A fiduciary trust fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

Town of Stonington, Connecticut

Agency Funds
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Assets</u>				
Cash:				
Student activity	\$ 275,625	\$ 686,233	\$ 635,558	\$ 326,300
Tax sale escrow	91,905	191	15	92,081
Stonington harbor management	300	-	-	300
BOE flex account	<u>32,989</u>	<u>68,209</u>	<u>52,707</u>	<u>48,491</u>
Total cash	<u>400,819</u>	<u>754,633</u>	<u>688,280</u>	<u>467,172</u>
Due from other funds:				
Stonington harbor management	24,437	26,430	28,036	22,831
Mystic harbor management	<u>15,601</u>	<u>18,590</u>	<u>9,443</u>	<u>24,748</u>
Total due from other funds	<u>40,038</u>	<u>45,020</u>	<u>37,479</u>	<u>47,579</u>
Total assets	<u>\$ 440,857</u>	<u>\$ 799,653</u>	<u>\$ 725,759</u>	<u>\$ 514,751</u>
<u>Liabilities</u>				
Accounts payable:				
Student activity	\$ 275,625	\$ 686,233	\$ 635,558	\$ 326,300
Tax sale escrow	91,905	191	15	92,081
Stonington harbor management	24,737	26,430	28,036	23,131
Mystic harbor management	15,601	18,590	9,443	24,748
BOE flex account	<u>32,989</u>	<u>68,209</u>	<u>52,707</u>	<u>48,491</u>
Total accounts payable	<u>\$ 440,857</u>	<u>\$ 799,653</u>	<u>\$ 725,759</u>	<u>\$ 514,751</u>

Trend Information

Town of Stonington, Connecticut

**Net Position by Component
Last Ten Years
(Unaudited)**

	Fiscal Year									
	2017	2016 (as restated)	2015 (as restated)	2014	2013	2012	2011	2010	2009	2008
Net investment in capital assets	\$ 90,224,341	\$ 90,575,409	\$ 88,407,197	\$ 89,847,001	\$ 92,169,328	\$ 89,588,921	\$ 88,872,739	\$ 86,773,619	\$ 83,778,472	\$ 79,816,672
Restricted for:										
Public safety	7,469	5,133	5,125	5,822	5,146	5,145	6,248	-	-	-
Highway department	410,392	593,636	280,488	280,488	289,784	161,772	103,222	-	-	-
Sanitation and waste removal	1,130,388	888,463	181,673	215,378	203,662	120,534	88,972	-	-	-
Human services	8,949	10,328	10,133	8,933	18,031	5,934	4,525	-	-	-
Education	13,623	58,858	106,255	127,699	139,827	141,620	147,265	-	-	-
Unrestricted	20,095,164	16,995,146	24,812,582	21,079,550	21,431,285	21,800,934	18,794,839	16,990,964	16,625,138	16,764,899
Total net position	<u>\$ 111,890,326</u>	<u>\$ 109,126,973</u>	<u>\$ 113,803,453</u>	<u>\$ 111,564,871</u>	<u>\$ 114,257,063</u>	<u>\$ 111,824,860</u>	<u>\$ 108,017,810</u>	<u>\$ 103,764,583</u>	<u>\$ 100,403,610</u>	<u>\$ 96,581,571</u>

Town of Stonington, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
General government	\$ 7,980,223	\$ 8,330,574	\$ 7,453,587	\$ 7,433,041	\$ 6,683,580	\$ 5,853,817	\$ 5,760,338	\$ 8,017,134	\$ 7,022,960	\$ 8,237,984
Public safety	5,436,321	6,772,583	5,665,553	5,422,414	5,521,224	5,581,519	5,315,579	4,169,223	4,478,444	3,800,209
Highway department	4,613,473	4,287,328	4,218,571	4,400,717	3,664,057	3,511,527	3,643,021	3,083,424	2,537,942	2,777,352
Sanitation and waste removal	5,652,720	5,436,017	5,324,794	5,743,250	5,393,478	5,326,217	5,773,771	5,178,102	5,504,529	6,124,733
Human services	1,652,941	936,054	727,211	725,329	720,024	777,536	803,803	343,692	581,805	672,159
Library	329,500	319,500	304,810	284,810	284,810	269,810	269,810	189,979	450,316	267,159
Recreation	250,966	274,055	185,163	171,977	174,252	297,402	225,268	183,653	153,603	128,473
Education	44,882,290	42,323,983	42,278,343	40,881,875	38,918,207	37,414,978	36,114,479	36,917,998	35,561,107	33,693,404
Interest expense	2,112,956	1,290,904	1,494,879	1,326,010	1,473,813	888,461	907,607	1,439,712	2,191,807	1,770,955
Total expenses	<u>72,911,390</u>	<u>69,970,998</u>	<u>67,652,911</u>	<u>66,389,423</u>	<u>62,833,445</u>	<u>59,921,267</u>	<u>58,813,676</u>	<u>59,522,917</u>	<u>58,482,513</u>	<u>57,472,428</u>
Program revenues:										
Charges for services:										
General government	888,589	1,154,923	729,068	851,715	750,359	711,631	741,220	803,809	597,524	968,032
Public safety	400,093	420,309	49,590	113,262	112,167	77,259	98,889	286,534	184,482	60,581
Highway department	366,819	454,001	277,393	235,360	199,124	244,472	204,970	256,784	429,827	2,517,134
Sanitation and waste removal	4,019,320	3,877,318	3,967,686	3,887,694	4,091,222	3,986,437	4,384,108	2,189,143	4,313,708	2,426,694
Human services	-	97,750	79,759	96,818	74,649	96,865	78,270	33,825	21,988	5,747
Library	-	-	-	-	-	-	-	25,385	5,575	-
Recreation	149,830	137,230	111,142	127,833	96,406	113,050	103,883	19,328	95,559	124,812
Education	605,623	503,657	526,982	607,743	675,144	601,777	646,736	2,308,078	678,522	710,631
Operating grants and contributions	7,911,926	6,731,104	6,542,596	8,208,821	7,746,843	7,436,627	6,795,674	7,386,033	7,086,405	7,019,039
Capital grants and contributions	1,676,993	427,362	200,392	403,710	647,508	425,334	1,560,955	1,937,799	1,228,228	148,937
Total program revenues	<u>16,019,193</u>	<u>13,803,654</u>	<u>12,484,608</u>	<u>14,532,956</u>	<u>14,393,422</u>	<u>13,693,452</u>	<u>14,614,705</u>	<u>15,246,718</u>	<u>14,641,818</u>	<u>13,981,607</u>
Net expenses:										
Governmental activities	<u>(56,892,197)</u>	<u>(56,167,344)</u>	<u>(55,168,303)</u>	<u>(51,856,467)</u>	<u>(48,440,023)</u>	<u>(46,227,815)</u>	<u>(44,198,971)</u>	<u>(44,276,199)</u>	<u>(43,840,695)</u>	<u>(43,490,821)</u>
General revenues:										
Property taxes	58,995,604	56,279,632	53,659,623	51,881,485	50,686,298	49,810,644	48,620,326	47,505,735	47,149,126	46,834,683
Grants and contributions not restricted to specific programs	461,343	357,458	294,518	417,790	-	-	-	-	-	-
Investment income	155,775	138,095	194,228	196,867	171,959	167,948	196,671	222,137	408,849	962,047
Miscellaneous	42,828	48,953	16,464	58,151	13,969	56,273	(364,799)	441,549	59,729	100,806
Total general revenues	<u>59,655,550</u>	<u>56,824,138</u>	<u>54,164,833</u>	<u>52,554,293</u>	<u>50,872,226</u>	<u>50,034,865</u>	<u>48,452,198</u>	<u>48,169,421</u>	<u>47,617,704</u>	<u>47,897,536</u>
Change in net position	<u>\$ 2,763,353</u>	<u>\$ 656,794</u>	<u>\$ (1,003,470)</u>	<u>\$ 697,826</u>	<u>\$ 2,432,203</u>	<u>\$ 3,807,050</u>	<u>\$ 4,253,227</u>	<u>\$ 3,893,222</u>	<u>\$ 3,777,009</u>	<u>\$ 4,406,715</u>

Town of Stonington, Connecticut
Schedule of Debt Limitation
As of and for the Year Ended June 30, 2017
(Unaudited)

Total tax collections (including interest and lien fees) for current year	\$ 59,222,846
Total tax collections (including interest and lien fees) of Town, borough and all other taxing districts within the Town for the current year	4,475,016
Reimbursement for revenue loss on: Tax relief for elderly disabled	<u>1,602</u>
Base for debt limitation computation	<u>\$ 63,699,464</u>

Debt limitation:	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 143,323,794	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	286,647,588	-	-	-
3 3/4 times base	-	-	238,872,990	-	-
3 1/4 times base	-	-	-	207,023,258	-
3 times base	-	-	-	-	191,098,392
Total debt limitation	<u>143,323,794</u>	<u>286,647,588</u>	<u>238,872,990</u>	<u>207,023,258</u>	<u>191,098,392</u>
Indebtedness:					
Bonds payable	9,592,564	27,613,436	14,689,000	-	-
Fire District Debt	<u>2,132,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net indebtedness (1)	<u>11,725,293</u>	<u>27,613,436</u>	<u>14,689,000</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u>\$ 131,598,501</u>	<u>\$ 259,034,152</u>	<u>\$ 224,183,990</u>	<u>\$ 207,023,258</u>	<u>\$ 191,098,392</u>

Notes:

(1) The total of the above net indebtedness amounts to: \$ 54,027,729

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 445,896,248